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3 May 1984

USSR Report

INTERNATIONAL ECONOMIC RELATIONS

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[Article by V. Klochek, member of the collegium and chief of the Main Economic Planning Administration of the USSR Ministry of Foreign Trade, honored economist of the RSFSR: "USSR Foreign Trade in 1983"]

[Text] The conscientious, persistent labor of the Soviet people has been marked by new successes in further advancing our country in the main areas of comunist development.

The steady growth of the economy has been the basis for the USSR's conduct of an active foreign economic policy directed to expanding mutually advantageous and equal business cooperation with foreign states.

The volume of foreign trade turnover of the Soviet Union in 1983 totaled 127.5 billion rubles, an increase of 6.6 percent over 1982. The Soviet Union traded with 144 states in 1983; trade and economic relations with 116 of them were governed by intergovernmental agreements on trade and economic and industrial cooperation.

Foreign Trade Turnover of the Soviet Union
(in billions of rubles)

	1982	1983
Total Turnover	119.6	127.5
Export	63.2	67.9
Import	56.4	59.6
Socialist Countries		
Total Turnover	65.0	71.4
Export	34.2	37.7
Import	30.8	33.7

[Table continued, next page]

Of Above, CEMA Countries Only		
Total Turnover	58.7	65.3
Export	31.2	34.5
Import	27.5	30.8
Industrially Developed Capitalist Countries		
Total Turnover	37.7	38.4
Export	18.8	19.7
Import	18.9	18.7
Developing Countries		
Total Turnover	16.9	17.7
Export	10.2	10.5
Import	6.7	7.2

Our Principal Partners

Commodity turnover with socialist countries totaled 71.4 billion rubles in 1983, an increase of 9.9 percent compared to 1982. The share of the socialist countries in USSR foreign trade increased from 54.3 percent in 1982 to 56.0 percent in 1983.

The closest and most comprehensive trade-economic and scientific-technical collaboration and cooperation on a long-term basis is being carried out with the CEMA countries. Trade with this group of countries increased by 11.2 percent compared to 1982, reaching 65.3 billion rubles. In 1983, 51.2 percent of the USSR's foreign trade was conducted with these countries, as compared to 49.1 percent in 1982.

Commodity turnover with all the CEMA countries increased in 1983. The greatest increase in trade volume was noted with Czechoslovakia (15.5 percent), Bulgaria (15.2 percent), Poland (12.9 percent), Vietnam (12.7 percent), and the GDR (9.8 percent).

Special attention was devoted to integration measures in relations with CEMA countries. Plan-based work continued in 1983 to carry out the Comprehensive Program for Development of Socialist Economic Integration and the Long-Term Target Programs of Cooperation (DTsPS's) in the most important spheres of material production, as well as the program for development of production specialization and cooperation in the period until 1990. The Coordinated Plan of Integration Measures for 1981-1985 was fulfilled.

Within the framework of these programs, practical measures were carried out to solve inportant economic problems in the fields of energy, fuel and raw materials, machine building, transportation, consumer good production, and food production. For example, in 1983 new and expanded versions of agreements signed earlier on

specialization and cooperation in the fields of mechanizing loading-unloading work, production of robot manipulators with programmed control, automatic remote control and communications equipment for railroads, industrial rubber goods, machinery and equipment for geological exploration, metalworking machine tools with digital programmed control, and refrigeration equipment were concluded.

USSR Trade Turnover with Socialist Countries
(in millions of rubles)

	1982	1983
CEMA Members	58,702.3	65,257.0
Bulgaria	9,172.7	10,564.1
Hungary	7,453.6	8,065.0
Vietnam	1,010.7	1,139.0
East Germany	12,195.8	13,393.5
Cuba	5,840.5	6.093.2
Mongolia	1,232.7	1,344.3
Poland	8,909.9	10,061.0
Romania	3,107.0	3,304.9
Czechoslovakia	9,779.4	11,292.0
Other Socialist Countries	6,249.7	6,148.9
Yugoslavia	5,279.0	4,995.5
China	223.5	488.2
North Korea	681.0	587.4
Laos	66.2	77.8

Such a promising form of bilateral and multilateral cooperation as construction of various economic projects in our territory with interested CEMA countries participating on share principles is receiving further development. Agreements for cooperation in construction of the Krivoy Rog Mine Concentrating Combine, a central repair base in Uzhgorod for repair of gas compressor equipment (with Czechoslovakia), and other projects were concluded with a number of countries in 1983.

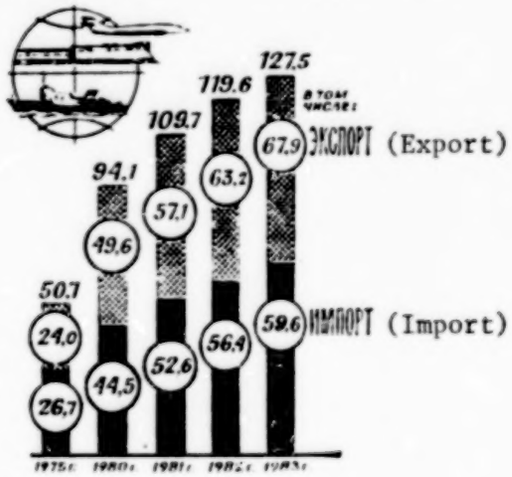
Measures were adopted to create additional sources of energy supply in order to improve the structure of the fuel-energy balance and strengthen the energy base of the socialist countries. Construction of the Southern Ukraine Nuclear Power Plan was carried on in the USSR based on share participation with Romanian organizations, and work went forward on the Khmelnitskiy nuclear power plant on a share agreement with Hungary, Poland, and Czechoslovakia. Technical assistance from the Soviet Union was involved in construction of coal mines, coal concentrating plants, hydroelectric power plants, and power transmission lines in Vietnam, the Nord Nuclear Power Plant in the GDR, open-pit coal mines and thermal electric power plants in Mongolia, the Juragua Nuclear Power Plant and an oil refinery in Cuba. Agreements were signed in 1983 for construction of a nuclear power plant in Poland and for cooperation by Polish organizations in construction of gas industry projects and the Kobrin-Brest trunk gas pipeline in the USSR.

Cooperation is expanding in the area of production of the goods of the agroindustrial complex. In order to improve the supply of food products to the population, CEMA countries approved comprehensive measures for cooperation in this area at their 37th Session in Berlin, October, 1983. Measures were adopted for more complete utilization of all opportunities for specialization, cooperation, and integration in the agroindustrial sphere of CEMA members. For example, in 1983 the construction of two breeding plants with a productivity of 400,000 meat-variety hens and two broiler factories capable of producing 10.3 million broilers apiece was completed in the Soviet Union with assistance from Hungary.

Business Contacts with Western Countries

In conditions of the aggravated international situation brought about by the growth of materialism and the aggressiveness of the imperialist powers, the USSR followed its principled policy of peaceful coexistence and continued to speak out for developing stable economic relations with those Western states which have demonstrated an interest in this.

Growth of Foreign Trade Turnover of the USSR
in 1975-1983 (in billions of rubles)



Despite American pressure, most Western countries have taken a realistic position on the issue of maintaining mutually advantageous trade relations with the socialist states, based on the indisputable fact that relations between East and West have become an important factor in their own economic life.

The Soviet Union is conducting the closest and most comprehensive trade and economic, as well as scientific-technical and industrial, cooperation with the countries of Western Europe. Commodity turnover with them in 1983 was 6.4 percent greater than in 1982. The Western European countries' share in all Soviet trade with industrially developed capitalist countries rose from 79 percent in 1982 to 82 percent in 1983.

In 1983 Western European countries continued to cooperate with Soviet organizations in construction of industrial projects in the USSR. They delivered

machinery and equipment to the Soviet Union for certain enterprises of the chemical, metallurgical, pulp and paper, light and food sectors of industry, the building materials industry, the gas transport network, and the agroindustrial complex.

In addition, foodstuffs and consumer goods were imported from the countries of Western Europe. The large volume of export contracts signed by Western European companies with Soviet organizations led to a significant increase in the volume of Soviet imports from countries of this region; it increased by 11.3 percent compared to 1982. As a result of this, the share of Western European countries in USSR imports from the developed capitalist countries rose from 62 percent in 1982 to 70 percent in 1983.

There were significant increases in deliveries of goods to the Soviet Union from Spain (50.2 percent), Austria (47.1 percent), France (36.3 percent), the Netherlands (36.2 percent), Ireland (29.8 percent), Norway (41.8 percent), West Berlin (38.9 percent), Greece (26.3 percent), Italy (17.5 percent), Iceland (15.5 percent), and the FRG (14.7 percent). In payment for imported goods the Soviet Union exported to Western European countries energy carriers, raw materials, and various types of machinery and equipment which they needed.

The FRG has been the USSR's leading foreign trade partner among the Western countries in recent years. Trade with the FRG rose 5.9 percent compared to 1982. From the FRG the Soviet Union buys about one-fourth of all machinery and equipment imported from the capitalist countries, a large quantity of pipe and certain sections of rolled ferrous metals, as well as consumer goods. Natural gas, petroleum, and petroleum products have an important place in Soviet exports to this country. West German companies also import Soviet chemical products, lumber, ores, machine tools, electrical motors, motor vehicles, and other industrial goods.

Promising directions for deepening trade and economic cooperation bewteen the two countries are detailed in agreements on the development of economic, industrial, and technical cooperation and on further development of economic cooperation, which last year were extended to 1993.

Commodity Turnover of the USSR with Particular Industrially Developed Capitalist Countries
(in millions of rubles)

	1982	1983
Western European Countries, total	29,673.2	31,563.8
West Germany	6,629.7	7,022.0
Finland	5,193.5	5,173.3
Italy	4,086.1	4,434.7
France	3,558.6	4,149.9
Netherlands	1,926.5	1,713.5
Belgium	1,604.5	1,602.0
Great Britain	1,565.1	1.816.8
Austria	1.209.8	1.352.8

[Table continued, next page]

Countries of Other Continents, total	8,068.2	6,807.9
Japan	3,682.4	3,004.0
United States	2,243.2	1,900.0
Canada	1,382.0	1,301.9
Australia	523.2	416.0

Trade-economic, industrial, and scientific-technical cooperation with Finland is being developed on the firm foundation of the Treaty on Friendship, Cooperation, and Mutual Assistance, which last year was extended for the next 20 years, and trade-economic agreements, including the Long-Term Program for Economic Cooperation, which is calculated to 1995. The Protocol on Cooperation in the Field of Agriculture and Food Production will help develop cooperation with this country further. It covers practically all the stages of the production and marketing of agricultural products and foodstuffs.

Trade with Italy rose 8.5 percent compared to 1982. The Soviet Union exported energy carriers and other goods needed by Italy. A broad assortment of machinery and technical goods was imported from Italy. The contract for production in the USSR of small agricultural equipment should be specially noted. It was signed with Italian companies last year. The intention of both parties to expand and diversify trade-economic relations in the future was reflected in the new long-range program agreed upon in 1983 for deepening economic, industrial, and technical cooperation in the period until 1990.

Soviet-French trade was developed actively in 1983. Its volume rose by 16.6 percent compared to 1982. Deliveries of energy carriers, which make up 86 percent of Soviet exports to France, increas d. Imports of French goods, mainly agricultural products and industrial equipment, were substantially expanded. Supplies for development of the fuel and energy complex were a significant share of imports from France in 1983. In particular, a large order was placed last year for delivery to the Soviet Union of equipment for gas cleaning and refining at the Astrakhan gas condensate deposit.

Total commodity turnover with certain Western European countries such as Spain (68.6 percent), Ireland (30.6 percent), Sweden (17.7 percent), and Great Britain (16.1 percent) increased significantly in 1983.

Cooperation with the Developing Countries

USSR commodity turnover with the developing countries increased by 4.8 percent compared to 1982, reaching a total of 17.7 billion rubles. The share of this group of states in the total volume of USSR foreign trade was 13.9 percent. In 1983 the Soviet Union traded with 102 developing countries, including 78 on the basis of intergovernmental trade agreements.

Long-range trade agreements are being employed more and more widely. They create a stable foundation for trade-economic relations, make trade planning easier, and make it possible to combine it with national economic plans of the countries and the economic and technical aid being given to these countries by the USSR.

In 1983, for example, the Soviet Union and Kampuchea, for the first time in the history of their relations, signed a long-range agreement on commodity turnover and payments for 1983-1985. In addition, long-range agreements on commodity turnover with Turkey for 1983-1985, on mutual deliveries of goods with Mozambique for 1983-1985, and with Bolivia for 1984-1986 were concluded.

Commodity Turnover of the USSR with Certain Developing Countries (in millions of rubles)

	1982	1983
India	2,514.0	2,322.6
Argentine	1,292.9	1,325.5
Libya	1,346.9	1,277.9
Iran	766.0	936.5
Iraq	994.1	753.9
Brazil	595.4	697.4
Afghanistan	691.0	675.2
Egypt	520.7	612.3
Syria	511.6	504.9
Nigeria	279.0	374.7
Malaysia	250.6	259.2
Turkey	248.2	212.8
Ethiopia	195.5	186.0
Angola	64.4	173.1
Algeria	178.5	172.7

An important aspect of the USSR's trade-economic relations with the developing countries is offering them assistance in developing their national industry, energy, agricultural production, and exploration for mineral products. In 1983, in India, for example, expansion of the Bhilai Metallurgical Plant was completed, preparations were begun for construction of the first phase of a metallurgical plant in Visakhapatnam, and the oil refinery in Matkhura was prepared for launching; in Iraq a hydroelectric complex on the Euphrates River, a large oil depot in New Karkha, and a petroleum pipeline were built; and, power transmission lines, railroads, and irrigation systems were built in Syria.

Numerous economic projects were built with Soviet assistance in countries which have chosen a socialist orientation -- Afghanistan, the People's Democratic Republic of Yemen, Ethiopia, and others.

The developing countries pay for goods and technical-economic aid from the USSR by supplying their own traditional export goods. In addition to these goods, the Soviet Union in recent years has increased purchases of industrial articles and semifinished goods in these countries.

In the field of international economic relations, the Soviet Union renders comprehensive support to the liberated countries. The Belgrade session of the U. N. Conference on Trade and Development (UNCTAD) was an important event in international economic relations in 1983. At this session as well as at other

international forums, the Soviet Union spoke out vigorously in support of the developing countries and against disriminatory protectionist restrictions in trade out of non-economic motives, as practiced by the Western countries.

The Structure of USSR Exports
(in percentages)

	1982	1983
Machinery, Equipment, and Means of Transportation	12.9	12.5
Fuel and Electrical Energy	52.3	53.7
Ores and Concentrates, Metals, and Articles Made from Them	7.4	7.5
Chemical Products, Fertilizers, Rubber	3.1	3.1
Lumber and Pulp-Paper Articles	2.8	2.8
Textile Raw Materials and Semifinished Articles	1.8	1.4
Industrially Made Consumer Goods	1.9	1.8

USSR exports increased by 7.5 percent in 1983 compared to the previous year, reaching a total of 67.9 billion rubles.

Exports to the socialist countries are developing steadily. They rose 10.5 percent and the share of these countries in all Soviet exports increased from 54.0 percent in 1982 to 55.6 percent in 1983. Exports to the industrially developed capitalist countries increased by 4.3 percent over the previous year, reaching a total of 28.9 percent of all export goods, and 15.5 percent of all Soviet exports went to the developing countries.

Energy carriers occupy the leading place in Soviet exports. In 1983 the USSR exported a total of 36.4 billion rubles worth of energy commodities, an increase of 10.3 percent over the 1982 total. This category of trade accounted for 50.1 percent of exports to socialist countries, and more than three-fourths of all exports to the industrially developed capitalist countries. Natural gas has become an important export category.

A total of 8.5 billion rubles worth of machinery, equipment, and means of transportation was exported in 1983, 4.0 percent more than in 1982. A broad range of machinery and equipment is represented in Soviet exports. An export orientation has become traditional for such important sectors as motor vehicle manufacturing, aviation and energy industry, metallurgical machine building, and tractor and machine tool building. These sectors accounted for 56.6 percent of Soviet exports of machinery, equipment, and means of transportation in 1983.

Energy equipment is an important export item in this category of goods. A total of 1,117.9 million rubles worth of this equipment was exported, 20.2 percent more than in the previous year. Soviet organizations filled large orders for equipment used in building the Costanera and Baya Blanca thermal power plants in Argentina and the Amindeon thermal plant in Greece. Soviet hydroelectric power equipment also enjoys high demand, especially in countries which are carrying out programs to reduce consumption of scarce liquid and solid fuel. Last year hydroelectric power equipment was delivered for the Urra I plant in Colombia. The Argentine-Uruguay Salto Grande Hydroelectric Power Plant, which is equipped with Soviet-made power units and is one of the largest in Latin America, went on line last year.

The export of means of transportation has developed dynamically in recent years. A total of 2,616.2 million rubles worth of this output was exported in 1983, 3.5 percent more than in 1982. A total of 668.7 million rubles worth of metallurgical equipment was exported.

Deliveries of goods in the machinery-equipment category to CEMA countries rose by 2.1 percent. These countries increased their purchases in the USSR of press-forge, energy, electrical, metallurgical, and hoisting-transport equipment, calculators, agricultural implements, diesel locomotives, and trucks. The USSR delivered 10.9 percent more machinery, equipment, and means of transportation to the developing countries than were delivered in 1982. Exports to these countries of metal-cutting lathes, energy and metallurgical equipment, and agricultural implements increased. On the whole, 72 percent of the machine building exports went to socialist countries, 24 percent to developing countries, and four percent to the industrially developed capitalist countries.

A third important category of Soviet export commodities is ore, concentrates, metals, and articles made from them. Export of these goods rose by 9.6 percent compared to 1982. Exports of iron ore to socialist and developed capitalist countries, aluminum to CEMA countries, rolled ferrous metals to developed capitalist and developing countries, pipe to socialist and developing countries, and rolled light metals to socialist, developed capitalist, and developing countries all increased.

The Structure of USSR Imports
(in percentages)

	1982	1983
Machinery, Equipment, and Means of Transportation	34.4	38.2
Fuel and Electrical Energy	4.6	5.6
Ores and Concentrates, Metals, and Articles Made from Them	9.9	8.8
Chemical Products, Fertilizers, Rubber	4.4	4.6

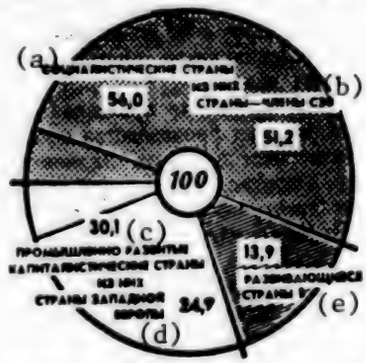
[Table continued, next page]

Lumber and Paper-Pulp Articles	1.5	1.3
Textile Raw Materials and Semifinished Articles	1.6	2.1
Foodstuffs and Raw Materials for Their Production	23.7	20.5
Industrially Made Consumer Goods	12.7	11.5

Compared to 1982 Soviet imports increased 5.6 percent to a total of 59.6 billion rubles. Imports from socialist countries increased by 9.3 percent. The share of these countries in Soviet imports rose from 54.6 percent to 56.5 percent. The volume of goods imported from the industrially developed capitalist countries remained stable. The share of these countries decreased slightly and totaled 31.5 percent. Of all goods imported into the country, 12.0 percent were bought in the developing countries.

For the first three years of the current five-year plan imports of machinery, equipment, and means of transportation rose from 15.1 billion rubles to 22.7 billion or by 51.0 percent; in the same time the total volume of imports rose 34.0 percent. In 1983 equipment for both machine building enterprises and development and renovation of the light, food, and other industrial sectors that produce basic consumer goods was imported from abroad.

Imports of metalworking equipment increased by 22.4 percent compared to 1982. A total of 1,781.5 million rubles worth of all this equipment was imported. Imports of energy equipment increased by 31.6 percent (to 552.5 million rubles), while for electrical equipment the rise was 14 percent (to 723.8 million rubles). A total of 1,172.2 million rubles worth of hoisting-transport equipment was imported to facilitate heavy auxiliary work. In addition, industrial equipment for metallurgical, chemical, textile, and other industrial sectors was imported.



Key: (a) Socialist Countries;
(b) Of That, CEMA Countries;
(c) Industrially Developed Capitalist Countries;
(d) Of That, Western Europe;
(e) Developing Countries

The Share of Particular Groups of Countries in USSR Foreign Trade in 1983 (in percentages)

The Soviet Union imports machinery, equipment, and means of transportation primarily from socialist countries. Imports from these countries increased by 18.5 percent compared to 1982, reaching 15.3 billion rubles. The share of the socialist countries in all Soviet imports of this output were 69.6 percent last

year compared to 68.9 percent in 1982, and the main suppliers of machine building industry goods to the Soviet Union were CEMA countries. Of total imports of machine building output in 1983, 65.7 percent was from these countries, 19.9 percent more than in the previous year. Approximately 60 percent of the machines and equipment came from fraternal countries on the basis of agreements for production specialization and cooperation concluded with them.

In spite of attempts by certain Western circles to "freeze" trade with the Soviet Union, imports of machinery, equipment, and means of transporation from the developed capitalist countries increased by 15.1 percent. In 1983 a number of facilities built using equipment bought from Western companies were put into operation. Among the sites which received this equipment were certain petrochemical and chemical industry enterprises, the Oskol'skiy Electrometallurgical Combine, and the export gas pipeline from Urengoy through Pomary to Uzhgorod.

Essential types of raw materials for enterprises that produce consumer goods and foods were also purchased through foreign trade channels. Because of the decrease in purchases of grain, the proportion of imports of foodstuffs and raw materials for their production declined from 23.7 percent in 1982 to 20.5 percent last year. The Soviet Union last year imported 4.8 million tons of raw sugar, 985,400 tons of meat and meat products, 202,600 tons of animal fat, and 707,800 tons of vegetable oil. To improve the structure of food consumption, 180,600 tons of fresh vegetables and 1,122,600 tons of fruit and berries were imported, primarily from socialist and developing countries.

The Soviet Union's import policy also takes account of the foreign economic aspect of fulfilling the Food Program. Using the foreign market will help to more rapidly equip the sectors involved in the Food Program with advanced technology and incorporate the latest technological processes in production for the purpose of raising labor productivity. The fixed productive capital of agriculture was increased in 1983 by 110.2 million rubles worth of imported machinery. A total of 665.5 million rubles worth of equipment for the food industry was imported. In addition, machinery, equipment, and materials for other industrial sectors related to agriculture were imported.

The CPSU Central Committee and USSR Council of Ministers last year developed and adopted a number of decrees on the fundamental issues of economic development. They deal directly with foreign trade, which has become an important component of the national economic complex. It is making a substantial contribution to increasing the efficiency of production and accelerating the economic development of the country.

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CSO: 1825/92

SOVIET FOREIGN TRADE STATISTICS, JANUARY-DECEMBER 1983

Moscow FOREIGN TRADE in English No 3, Mar 84 insert

[Text]

Soviet Foreign Trade

January — December 1983

(Statistical Data)

Soviet Foreign Trade by Groups of Countries

(mln rubles)

		January — December	
		1982	1983
TOTAL	Turnover	119576,1	127473,1
	Export	63165,1	67887,7
	Import	56411,0	59585,4
Socialist countries	Turnover	64952,0	71406,8
	Export	34136,2	37714,9
	Import	30815,8	33691,9
including:			
CMEA member countries	Turnover	58702,3	65257,9
	Export	31149,9	34450,2
	Import	27552,4	30807,7
Industrial capitalist countries	Turnover	37741,4	38367,9
	Export	18849,0	19649,1
	Import	18892,4	18718,8
Developing countries	Turnover	16882,7	17698,4
	Export	10179,9	10523,7
	Import	6702,8	7174,7

Soviet Foreign Trade by Countries*

(mln rubles)

Countries		January — December	
		1982	1983
EUROPE:			
Austria	Turnover	1209,8	1352,8
	Export	674,5	565,7
	Import	535,3	787,1
Belgium	Turnover	1604,5	1602,0
	Export	1031,8	990,6
	Import	572,7	611,4
Bulgaria	Turnover	9172,7	10564,1
	Export	4884,6	5510,8
	Import	4288,1	5053,3
Great Britain	Turnover	1565,1	1816,8
	Export	812,8	1184,8
	Import	752,3	632,0
Hungary	Turnover	7453,6	8065,0
	Export	3707,2	4058,0
	Import	3746,4	4007,0
German Democratic Republic	Turnover	12195,8	13393,5
	Export	6419,6	6797,8
	Import	5776,2	6595,7
Greece	Turnover	655,1	687,7
	Export	532,7	533,2
	Import	122,4	154,5
Denmark	Turnover	363,6	355,3
	Export	299,5	290,3
	Import	64,1	65,0
West Berlin	Turnover	348,6	404,7
	Export	268,7	293,7
	Import	79,9	111,0

* The countries are given in the Russian alphabetical order

Supplement to the *Foreign Trade* journal. Editorial office address: 11, Minskaya Street, Moscow, 121108, USSR. Telephone: 145-68-94

Countries		January — December	
		1982	1983
Ireland	Turnover	79,2	103,5
	Export	16,9	22,6
	Import	62,3	80,9
Iceland	Turnover	105,4	105,2
	Export	63,1	56,3
	Import	42,3	48,9
Spain	Turnover	325,7	549,4
	Export	159,4	299,6
	Import	166,3	249,8
Italy	Turnover	4086,1	4434,7
	Export	2863,9	2998,3
	Import	1222,2	1436,4
Liechtenstein	Turnover	8,2	17,1
	Export	0,7	1,3
	Import	7,5	15,8
Luxembourg	Turnover	23,3	19,4
	Export	3,0	6,4
	Import	20,3	13,0
Netherlands	Turnover	1926,5	1713,5
	Export	1567,2	1224,1
	Import	359,3	489,4
Norway	Turnover	165,1	181,9
	Export	92,9	79,5
	Import	72,2	102,4
Poland	Turnover	8909,9	10061,0
	Export	4812,9	5274,3
	Import	4097,0	4786,7
Portugal	Turnover	87,9	78,2
	Export	45,0	40,3
	Import	42,9	37,9
Romania	Turnover	3107,0	3304,9
	Export	1423,6	1639,6
	Import	1683,4	1665,3
Federal Republic of Germany	Turnover	6629,7	7022,0
	Export	3796,6	3772,8
	Import	2833,1	3249,2
Finland	Turnover	5193,5	5173,3
	Export	2395,7	2483,3
	Import	2797,8	2690,0
France	Turnover	3558,6	4149,9
	Export	2291,2	2422,3
	Import	1267,4	1727,6
Czechoslovakia	Turnover	9779,4	11292,0
	Export	5047,5	5871,6
	Import	4731,9	5420,4
Kampuchea	Turnover	55,7	71,8
	Export	53,4	67,8
	Import	2,3	4,0
Cyprus	Turnover	49,1	36,4
	Export	29,5	21,2
	Import	19,6	15,2
China	Turnover	223,5	488,2
	Export	120,1	255,6
	Import	103,4	232,6
Switzerland	Turnover	963,6	855,3
	Export	553,0	510,2
	Import	410,6	345,1
Sweden	Turnover	770,3	906,8
	Export	425,3	652,3
	Import	345,0	254,5
Yugoslavia	Turnover	5279,0	4995,5
	Export	2483,5	2671,2
	Import	2795,5	2324,3
ASIA:			
Afghanistan	Turnover	691,0	675,2
	Export	412,5	401,0
	Import	278,5	274,2
Bangladesh	Turnover	54,9	83,7
	Export	27,6	50,1
	Import	27,3	33,6
Burma	Turnover	9,9	1,8
	Export	8,8	0,8
	Import	1,1	1,0
Vietnam	Turnover	1010,7	1139,0
	Export	804,2	904,1
	Import	206,5	234,9
India	Turnover	2514,0	2322,6
	Export	1040,2	1271,6
	Import	1473,8	1051,0
Indonesia	Turnover	53,8	58,3
	Export	34,4	22,2
	Import	19,4	36,1
Jordan	Turnover	90,7	68,0
	Export	90,5	67,7
	Import	0,2	0,3
Iraq	Turnover	994,1	753,9
	Export	975,9	371,4
	Import	18,2	382,5
Iran	Turnover	766,0	936,5
	Export	577,3	559,2
	Import	188,7	377,3
Yemen Arab Republic	Turnover	34,4	41,8
	Export	34,1	41,7
	Import	0,3	0,1
People's Democratic Republic of Yemen	Turnover	73,0	141,0
	Export	67,1	136,0
	Import	5,9	5,0
Philippines	Turnover	93,6	60,6
	Export	13,1	5,6
	Import	80,5	55,0
Sri Lanka	Turnover	21,1	38,7
	Export	3,1	3,0
	Import	18,0	35,7
Japan	Turnover	3682,4	3000,5
	Export	756,6	825,0
	Import	2925,8	2175,5

Countries		January — December 1982	January — December 1983
Korean People's Democratic Republic	Turnover	681,0	587,4
	Export	318,5	262,4
	Import	362,5	325,0
Kuwait	Turnover	6,1	5,7
	Export	6,	5,1
	Import	0	0,6
Laos	Turnover	66,2	77,8
	Export	64,2	75,5
	Import	2,0	2,3
Lebanon	Turnover	23,9	22,0
	Export	17,5	16,2
	Import	6,4	5,8
Malaysia	Turnover	250,6	259,2
	Export	15,9	12,0
	Import	234,7	247,2
Mongolian People's Republic	Turnover	1232,7	1345,2
	Export	918,9	994,1
	Import	313,8	351,1
Nepal	Turnover	23,8	13,4
	Export	22,1	12,0
	Import	1,7	1,4
Pakistan	Turnover	142,0	145,6
	Export	71,4	78,1
	Import	70,6	67,5
Saudi Arabia	Turnover	14,3	169,4
	Export	14,3	12,9
	Import	-	156,5
Singapore	Turnover	71,4	88,8
	Export	30,6	23,2
	Import	40,8	65,6
Syria	Turnover	511,6	504,9
	Export	210,8	205,0
	Import	300,8	299,9
Thailand	Turnover	141,8	62,5
	Export	8,9	7,8
	Import	132,9	54,7
Turkey	Turnover	248,2	212,8
	Export	152,8	129,8
	Import	95,4	83,0
Nigeria	Turnover	279,0	374,7
	Export	265,1	306,9
	Import	13,9	67,8
Sudan	Turnover	9,2	35,5
	Export	0,4	0,8
	Import	8,8	34,7
Sierra Leone	Turnover	9,8	2,1
	Export	1,8	2,0
	Import	8,0	0,1
Tanzania	Turnover	10,8	5,8
	Export	3,9	2,9
	Import	6,9	2,9
Tunisia	Turnover	11,3	9,6
	Export	6,2	6,8
	Import	5,1	2,8
Ethiopia	Turnover	195,5	186,0
	Export	182,3	168,0
	Import	13,2	18,0

Countries		January — December 1982	January — December 1983
AFRICA:			
Algeria	Turnover	178,5	172,7
	Export	132,4	160,5
	Import	46,1	12,2
Angola	Turnover	64,4	173,1
	Export	61,0	170,3
	Import	3,4	2,8
Ivory Coast	Turnover	70,9	51,1
	Export	1,0	1,3
	Import	69,9	49,8
Ghana	Turnover	37,4	52,5
	Export	0,4	2,3
	Import	37,0	50,2
Guinea	Turnover	43,9	64,6
	Export	15,4	20,5
	Import	28,5	44,1
Egypt	Turnover	520,7	612,3
	Export	218,6	255,3
	Import	302,1	357,0
Cameroun	Turnover	14,0	16,3
	Export	3,3	2,0
	Import	10,7	14,3
People's Republic of the Congo	Turnover	12,4	7,3
	Export	8,4	4,7
	Import	4,0	2,6
Liberia	Turnover	15,0	2,6
	Export	14,4	2,2
	Import	0,6	0,4
Libya	Turnover	1346,9	1277,9
	Export	221,1	264,2
	Import	1125,8	1013,7
Morocco	Turnover	194,7	152,8
	Export	136,1	121,6
	Import	58,6	31,2
Mozambique	Turnover	50,9	77,8
	Export	44,2	77,0
	Import	6,7	0,8
Colombia	Turnover	20,2	16,8
	Export	6,8	3,5
	Import	13,4	13,3
Cuba	Turnover	5840,5	6093,2
	Export	3131,4	3399,9
	Import	2709,1	2693,3
Mexico	Turnover	28,8	11,6
	Export	7,8	2,9
	Import	21,0	8,7
Nicaragua	Turnover	42,5	51,0
	Export	36,6	42,4
	Import	5,9	9,5
Panama	Turnover	8,2	8,8
	Export	8,2	8,8
	Import	-	-
Peru	Turnover	25,2	20,9
	Export	14,5	4,7
	Import	10,7	16,2

Countries		January — December 1982	January — December 1983
AMERICAS:			
Argentina	Turnover	1292,9	1325,5
	Export	27,5	25,9
	Import	1265,4	1299,6
Bolivia	Turnover	21,9	13,8
	Export	2,8	0,7
	Import	19,1	13,1
Brazil	Turnover	595,4	697,4
	Export	179,9	106,8
	Import	415,5	590,6
Canada	Turnover	1382,0	1301,9
	Export	20,7	24,1
	Import	1361,3	1277,8
United States of America	Turnover	2243,2	1900,5
	Export	154,8	330,5
	Import	2088,4	1570,0
Uruguay	Turnover	53,2	54,2
	Export	1,0	1,6
	Import	52,2	52,6
AUSTRALIA AND OCEANIA:			
Australia	Turnover	523,2	416,0
	Export	13,6	11,7
	Import	509,6	404,3
New Zealand	Turnover	237,4	185,5
	Export	7,7	6,4
	Import	229,7	179,1

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LITSENZINTORG DIRECTOR INTERVIEW ON SOVIET LICENSING SUCCESSES

Moscow APN DAILY REVIEW in English 6 Apr 84 pp 1-6

[OGONYOK correspondent V. Zaseyev interview with B. Kurakin, director-general of the All-Union Export-Import Association Litsenzintorg: "Success On The Patent Market"]

[Text] Q: Can you show by concrete facts what are the benefits obtained by buyers of Soviet patent licenses?

A: Several years ago the Japanese firm Nippon Steel concluded an agreement with us on the use of the system of the evaporative cooling of blast furnaces. Just 1 year later a blast furnace in the city of Nagoya set a daily steel production record thanks to Soviet technology. At present almost thirty blast furnaces in Japan are equipped with our evaporative cooling system, and Nippon Steel, which is continuing to develop mutually beneficial cooperation, has again bought our licence--this time for the dry coke quenching installation. Dry coke quenching was considered by the world at that time to be a major Soviet breakthrough, and is still regarded as such. It enabled firms which use this method to solve not only economic problems, but also problems associated with the improvement of the quality of coke and with decreasing environmental pollution. It is not fortuitous that our dry coke quenching devices have been bought not only by the Japanese, but also by Italian, French and West German companies. Quite recently five dry coke quenching devices were put into operation in the Brazilian city of Tubarao. These devices were designed and delivered by our subsidiary firm in Italy--Technicon Engineering.

Of the contracts concluded recently with American companies I would like to make special note of the agreements with Texas Utilities for underground coal gasification by the Soviet method and with McDermott, a company well-known in the business world, for the welding of marine trunk pipelines. This method of welding was elaborated by the Y. O. Paton Institute of Electrical Welding of the Ukrainian Academy of Sciences.

Leading U.S. firms, such as Aloca, Reynolds and Kaiser appreciated the value of such a Soviet innovation as the casting of aluminum in a magnetic field, and immediately signed an agreement to obtain the license for it. The Olin Brass Company immediately put forward business proposals when the Soviet method of continuous copper casting in a magnetic field appeared on the invention market.

Q: Sometimes the American press hints that the Soviet Union wants unilaterally to obtain advanced experience without offering anything original and new in exchange. What is your opinion on this?

A: The everyday activity of Litsenzintorg shows the opposite. I will not be disclosing a commercial secret if I say with full responsibility that we sell the United States far more licenses than we buy on the American market. Using prohibited methods, some journalists indicate that there is no common balance of payments between our countries in the sale of licenses. However, this can be explained quite simple. As a rule, American buyers strive to get new ideas, patent rights and technical services, but do not buy our equipment very willingly. But we satisfy the desire to U.S. companies to supply us with equipment in a package with licenses which enables our partners to get considerable profits as they are exporting both the equipment and the right to use the license. However, in this case too we are left with a plus balance, as businessmen put it.

Q: Does the Soviet Union need to purchase foreign patents and licenses?

A: Today Soviet science and technology really have great potential, which allows them to solve problems of any size. I would like to give an example. When President Reagan tried to prevent the deliveries of 25-megawatt gas pumping units to the Soivet Union (these units were needed for the construction of the Urengoi-Pomary-Uzhgorod gas pipeline), Leningrad's Nevsky Zavod Association, named after Lenin), completed within a few months the design and the manufacture of units similar in capacity. Such examples can be multiplied. At the same time, and we realize this quite well, not a single country, even if it possesses truly unlimited potential, can today occupy the leading positions in all areas of science and technology.

Q: Not all business contacts lead to the desired signing of agreements, do they?

A: You are right. To buy a license means to coordinate many positions and details, to discuss and record on paper individual aspects and nuances of the agreement. For instance, the history of relations between Litsenzintorg and American corporations and firms has seen many occasions when it took several years to sign the required document but the contract was not put into force by our future license-holders. We take into account all these difficulties. We maintain good relations with the leading West Euorpean countries, such as West Germany, Italy, France and Finland. We are engaged in the purposeful expansion of contacts with other countries too. For instance, Soviet technology for the processing of complex ores of non-ferrous metals evoked keen interest on the "market of ideas." The license for the use of this process has been bought by firms in Australia, Canada and West Germany.

Q: How do you explain the ever growing prestige of Litsenzintorg on the world market?

A: In our work we rely on the world's largest team of excellent scientists, designers, inventors and innovators. Let us take, for instance, the Paton

Institute of Electrical Welding of the Ukrainian Academy of Sciences. The licenses for the equipment and production processes designed by this institute have been bought by the German Democratic Republic, Hungary, Czechoslovakia and Bulgaria and also by Japan, France, West Germany, Italy and many other countries. At foreign fairs and exhibitions held over the past few years, the inventions and discoveries of this institute have won 36 gold medals and more than 300 silver and bronze medals. So, the high prestige of Soviet science is the best publicity for the work of the Litsenzintorg Association.

The Soviet state does much for the development of science and technology. In this country tens of billions of roubles are allocated annually for the needs of science. It is clear why the almost 100,000 inventions and discoveries made every year is possible in the Soviet Union. Jointly with the management of research institutions and industrial enterprises we choose the most interesting and original inventions and discoveries for foreign buyers.

Q: Could you please talk about the ties between Litsenzintorg and socialist countries?

A: We maintain close business contacts with many foreign trade organizations in the GDR, Bulgaria and Hungary. Our constant partners are Politechna (Czechoslovakia), Tesco (Hungary), Centrozap and Polservice (Poland). The well organized and regular exchange of licenses with socialist countries enables us within the CEMA framework to avoid unnecessary duplication in research and industry, and provides a solid groundwork for fruitful scientific and technical cooperation. For instance, the licenses for many of the products of joint research and development by scientists of the Soviet Union and other socialist states are widely bought up by highly developed countries.

Q: If I am not mistaken, in many countries champagne is now produced by our method.

A: You are quite right. Wine-makers of Bulgaria, Czechoslovakia, Argentina, Greece, Spain, Turkey, the United States, West Germany, Switzerland and many other countries have obtained the patents for the Soviet method of secondary fermentation of wine in bulk in a continuous flow which corresponds to the conventional bottle method as far as the quality of the final product is concerned. Talks with France, which sets the fashion in this field of wine-making, are now approaching completion.

Q: What is the situation with the import of licenses?

A: We not only sell licenses, but also try to supply the Soviet economy with the most up-to-date and highly profitable machinery, equipment and production processes which appear abroad. Let us take, for instance, Soviet railways. They are under an enormous load--they transport billions of tons of cargo and millions of passengers. Therefore, railways need ever more modern and more automated equipment. Several machines of this type were produced by Plasser and Toyer, an Austrian company. Litsenzintorg bought the license to manufacture these machines at the right time. We have bought the license for the method of obtaining products out of hardened glass from the French company Saint-Gobain and the right to use the new method of glass production for head-lights from

Forma, a West German firm. Implementing the decisions of the Communist Party and the Soviet Government, we always strive to take part in carrying out the programme of raising the living standards of the Soviet people. With this aim in view, the license for the production of women's raincoats was bought from the MacIntosh Company (Holland). The French firm Vestro has become our partner in making men's suits. We have concluded an agreement with the Swedish firm Jofa AB on the technology of the manufacture of protective hockey equipment. In a word, Litsenzintorg opens its doors wide for mutual cooperation.

Now that the international situation has become exacerbated the activity of Litsenzintorg and other Soviet foreign-trade associations contributes to co-operation among countries of different social systems. [OGONYOK No 12, 1984. Abridged.]

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TECHNOINTORG SUMMARY OF 1983 EXPORT CONTRACTS

Moscow TECHNOINTORG in English No 8, 1983 p 32

[Article: "Trade Briefs"]

[Text]

EXPORT-83 (contracts signed in the second half of 1982)

AFGHANISTAN
The Dusty state society purchased a sample batch of 5,000 Poljot men's wrist watches with dials inscribed in Persian.

AUSTRIA
Elin-Union A.G. purchased 21,000 Soviet-made Snowcap-150 refrigerators.

BELGIUM
TECHNOINTORG supplied more than one million roubles' worth of watch movements to the EWA-TOE joint-stock company.

BULGARIA
The foreign trade organisation Machinoexport imported 100,000 evaporators and as many compressors for the Bulgarian-made Mraz refrigerators, 20,000 Temp-714D colour TV-sets and 50,000 black-and-white 61LK3B and 50LK2B picture tubes have been shipped to Telekom. The foreign trade organisation Raznoiznos bought from TECHNOINTORG 3.3 million roubles' worth of men's and ladies' wrist watches and wall clocks.

CUBA
TECHNOINTORG supplied Cuba's foreign trade organisations Consumimport and Technoimport with 64,000 Selena-210 and VEF-206 radios, 500 Iiga-301 radiograms, 80,000 Krim-218AV TV-sets; 50,000 electric irons; 15,000 Aurika-80 washing machines; and over 700,000 roubles' worth of the 23KPK-2, KN-20A, Ukraina-5 cine projectors and accessories thereto.

CZECHOSLOVAKIA
The foreign trade organisation Omnia purchased from the USSR 134,000 VEF-206, Selena-211, Meridian-211, Selga-405, Neiva-402, Kvarts-406, Sigma-402 and Rossiya-303 radios; the foreign trade organisations Omnia and KOVO bought 10,000 Rubin Ts-202 colour TV-sets and 80,000 61LK3B and 61LK3Ts picture tubes.

FRANCE
The Slava joint-stock company bought about a million roubles' worth of photo cameras of various models, including the latest ones – the Zenit-11 and Zenit-12.

FRG
15,000 Snowcap-150 refrigerators were supplied to Neotype Techmashexport GmbH.

GREAT BRITAIN
The TOE joint-stock company bought 27,000 refrigerators and 1,500 Snowcap freezers, 2,000 Lider-206 portable stereo record players, 10,000 61LK3B picture tubes, as well as three million roubles' worth of watch movements.

GREECE
TECHNOINTORG sold to the Teleimpex firm 70,000 61LK3B, 50LK3B, 44LK2B and 31LK3B black-and-white picture tubes.

HUNGARY
The foreign trade enterprise Konzumex imported 4.7 million roubles' worth of men's and ladies' wrist watches, pocket watches, wall and alarm clocks, stopwatches, as well as 30,000 refrigerators of various models.

The foreign trade enterprises Electromodul and Electroimpex purchased 250,000 picture tubes for the Hungarian-made Super-Star TV-sets, and 25,000 Yunost-402VS portable black-and-white TV-sets. The foreign trade enterprise Tungsram purchased 3,000 Elektronika Ts-401 portable colour TV-sets, and the foreign trade enterprise Ofotert bought 25,000 photo cameras of various models (Smena-8M, Smena-Symbol, etc.) and 17,000 binoculars.

ITALY
The Fivre company purchased 200,000 31LK3B black-and-white picture tubes; Ippolito Cattaneo S.p.A. bought 15,000 photo cameras, 8,000 binoculars and other items from V/O TECHNOINTORG's Fotokino firm.

KUWAIT
The Electronic Appliances Corporation purchased 2,000 ZIL-260 refrigerators.

MONGOLIA
TECHNOINTORG exported to the foreign trade organisation Raznoimport 0.2 million roubles' worth of the Zenit-TTL photo cameras, the Etyud slide projectors and photographic accessories, plus 6,000 Rekord-340 black-and-white TV-sets and 10,000 SN315 voltage stabilizers.

MOROCCO
The Benchekroune firm received 30,000 sets of components for the assembly of the Vityaz alarm clocks and 7,500 Slava small-size alarm clocks.

NETHERLANDS
The EWA joint-stock company imported its first batch of the Mikma-101 electric razors, 2,400 Selena-212 portable radios and more than half a million roubles' worth of watch movements.

POLAND
TECHNOINTORG supplied to the Unitra firm a million roubles' worth of the Neiva-402, Vega-404 and Sokol-409 radios, 90,000 61LK3Ts and 59LK3Ts colour picture tubes, 50,000 31LK3B and 61LK3B black-and-white picture tubes, over 100,000 Yunost-402VS, Rubin-714D and Rubin Ts-202 black-and-white and colour TV-sets.

ROMANIA
The foreign trade organisation Electronum purchased 24,000 61LK3B and 31LK3B picture tubes and over two million roubles' worth of the Kashtan tape recorders; the foreign trade organisation Mercur bought wall, desk and alarm clocks and stopwatches to a total sum of over 0.6 million roubles.

TUNISIA
The Ratel S.A. firm imported 40,000 sets of components for the assembly of mechanical alarm clocks.

TURKEY
200,000 US dollars' worth of the Yantar and Vityaz alarm clocks was supplied to the Ali Nihat Parker firm, the Urasnafimport firm bought 7,500 photo cameras, a large quantity of binoculars and the Turist-3 and Turist-4 telescopes.

YUGOSLAVIA
RO Export-import imported 120,000 61LK3B picture tubes, and Unionprometmet – 25,000 Yunost-402VE and Silelis-402D1E portable TV-sets.

IMPORT-83 (contracts signed in the second half of 1982)

HUNGARY
12 million roubles' worth of tape transport mechanisms was delivered by the foreign trade organisation Videoton for Soviet cassette recorders, radiocorders and music centres.

INDIA
The Union Carbide Ltd., J.K.Batteries and other firms exported to the USSR 40 million galvanic cells for Soviet domestic appliances.

POLAND
Under an agreement on specialised and joint production, the foreign trade organisation Ultra and V/O TECHNOINTORG signed a contract for the delivery to the USSR of Polish-made chassis for Soviet electric record players and music centres. This contract is worth 21 million roubles.

TECHNOINTORG purchased from the foreign trade enterprise Varimex one million roubles worth of film studio equipment: sub-titling machines, silver regenerators, ultrasonic film cleaning machines were delivered for the first time.

YUGOSLAVIA
200,000 TV channel selectors for the Yunost-402VE portable TV-sets were imported from Yugoslavia.

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BAYBAKOV ADDRESSES CEMA PLANNING COOPERATION IN 1986-1990

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 84 (signed to press 19 Jan 84) pp 7-10

[Article by Nikolay Baybakov, deputy chairman of the USSR Council of Ministers, USSR Gosplan chairman and chairman of the CEMA Committee for Cooperation in the Area of Planning Activity: "CEMA Member-Nation Cooperation In the Area of Planning Activity At the Present Stage"]

[Text] This year, 1984, is the 35th anniversary of the creation of the Council for Economic Mutual Assistance, the world's first international organization of socialist countries, one which is paving the way to the most effective production and scientific-technical cooperation. During this time, the fraternal countries have achieved remarkable successes in building their economies, transforming themselves into the most dynamic economic force in the world.

CEMA member-nations have planned even higher frontiers of interaction for the 1980's. "We are striving...for a qualitatively new level of economic integration," declared Comrade Yu. V. Andropov, CPSU Central Committee General Secretary, at the June (1983) CPSU Central Committee Plenum. "Without it, it would not be possible to imagine what life would be like in the countries of the socialist community today. And in the future, integration will become increasingly deep, all-encompassing and effective, reliably ensuring a strengthening of the national economies of the participant countries. Our joint efforts are directed towards that."

CEMA member-nation cooperation in planning activity, which has in the recent period been enriched by a whole series of new elements, has acquired particular importance at the present stage. Thus, since the adoption in 1971 of the Comprehensive Program, there has been joint planning for individual branches and types of production, long-term target programs of cooperation and bilateral long-term specialization and cooperation programs between the USSR and the European CEMA member-nations have been worked out and are being implemented up to 1990, and coordinated plans of multilateral integration measures have been prepared and are being implemented for five-year periods.

Analysis of the forms and methods of interaction in this particular area convincingly demonstrate that its basic, comprehensive, most effective and best developed form is the coordination of economic and social development plans.

Its results, concretized in the agreement on economic and scientific-technical cooperation and reciprocal deliveries of goods, serve as a first principle for broadening and deepening the foreign economic ties of CEMA member-nations. As experience has shown, this form is constantly being improved and developed.

The coordination of 1986-1990 plans differs substantially from that used previously. The reference is first of all to the range of questions which must be examined, to linking them more closely to domestic plan developments. Also new will be the approach to solving major economic problems, the interlinking of economic and scientific-technical cooperation. A more precise distribution of tasks among the ministries and departments is also planned.

One other important feature of current coordination is the determination of cooperative projects going beyond the framework of a single five-year period, the holding of consultations on the basic directions of economic and social development up to 1995.

In the Soviet Union, this coordination will also be effected in close connection with development of the USSR Economic and Social Development Concept Up To 2000 and the Basic Directions of USSR Economic and Social Development for 1986-1990.

As distinct from the coordination in preceding years among the fraternal countries, which was continuous in nature and which took at least four years, current cooperation must be completed within two years. In this connection, two main stages have been planned: the first from 1983 through the first half of 1984, and the second from the second half of 1984 through the first half of 1985.

In the first stage, consultations will be held on basic questions of developing USSR economic and scientific-technical ties with other fraternal countries and solving major branch problems. Country "sectors" in the international socialist division of labor, the possible reciprocal trade turnover dynamics and structure, and the main trends in improving foreign economic relations will be planned at that time.

In the second, and concluding stage, which will begin almost right after development of the Basic Directions of USSR Economic and Social Development in 1986-1990, the primary cooperative tasks for that period will finally be agreed to; the amounts of exports and imports of the most important goods will be determined, as will the levels of reciprocal deliveries of fuel and raw material from the USSR and corresponding output from the fraternal countries. Particular attention will be paid to cooperative projects going beyond a single five-year period.

The coordinating of the 1986-1990 period will more closely interlink production and scientific-technical cooperation, which will permit accelerating the introduction into the national economy of the results of joint research and development.

In view of the limited raw material resources, interaction in processing branches of industry will become the basis for developing integration processes and trade turnover in the long term. And this means that the branch ministries must, in the course of coordinating their plans, orient themselves primarily towards deepening intrabranch contact, towards developing specialization and, in particular,

consolidation, towards raising the technical level and quality of the output being manufactured and delivered on a reciprocal basis, towards providing machinery and equipment with spare parts, and towards modernizing and renovating enterprises. Under present conditions, the rejection of unjustified imports from capitalist countries is of important significance. More attention than heretofore will be paid to balancing foreign trade turnover between the USSR and other community members.

One new element in plan coordination will be the adoption of measures aimed at broadening direct ties among associations, combines and individual enterprises in the fraternal countries, to enlisting their aid in developing proposals on developing production and scientific-technical interaction and the implementation of agreements reached during the coordination process.

At present, work is underway under the 1986-1990 Program for Coordinating the National Economic Plans of CEMA Member-Nations, which was adopted at the 36th meeting of the Soviet Session in 1982. Another important fundamental document is the "List of Economic Coordination Problems Being Coordinated On A Multilateral Basis in 1986-1990 and Beyond In Conjunction With Scientific-Technical Cooperation," which was adopted in February 1983 by the CEMA Committee on Planning Activity Cooperation. It defines the range of major problems whose solution on a multilateral basis will facilitate stable development of the national economies of CEMA member-nations in the furthcoming five-year period.

The list consists of two sections. The first includes steps reviewed by the Executive Committee and CEMA committees on planning activity cooperation and scientific-technical cooperation. It contains 29 agreed-to problems.

In the area of fuel-energy branches, they anticipate first of all a unification of efforts by the fraternal countries in installing large new projects, including nuclear power plants and intersystem transmission lines. Particular attention is paid to the release and delivery of equipment on the basis of developing specialization and consolidation, to providing AES's with nuclear fuel, and also to joint scientific-technical and planning work.

Interaction is being developed in gas, petroleum and oil refining industry. We plan to build a gas pipeline from Western Siberia to the western USSR border, the creation of capacities in the USSR to produce catalytic cracking accelerators, and so on.

In the area of manufacturing raw material, important significance is being acquired by cooperation in ferrous and nonferrous metallurgy, chemical, pulp-paper and microbiological industry. In the USSR, it will be continued by the creation of ore-enrichment combines to produce iron-ore pellets, manganese ore enrichment and extraction combines, and pulp-paper enterprises; in Bulgaria -- expanded manganese ore mining, more intensive multilateral cooperation in manufacturing chemicals and the installation of projects to produce progressive types of plastic; in the SRV [Socialist Republic of Vietnam] -- developing apatite deposits and putting into operation capacities to produce phosphorous products and an antibiotics plant.

In electronics industry, we plan the development of specialization and cooperation to expand domestic production of materials and electronic components and, on that basis, the elimination of unjustified imports from capitalist countries.

The list includes questions of deepening transport ties. They deal with expanding passenger and freight shipment volumes and implementing measures to support them, including improved border crossings, meeting the needs of transport for the most important equipment and materials either not being manufactured or being manufactured in insufficient quantity in CEMA member-nations, as well as for rails, rail fasteners and pairs of wheels.

At interbranch enterprises, priority is being given now to the development of such problems as developing interaction in mastering the release of specific types of output in volumes enabling us to free ourselves from importing from capitalist countries, to implementing plans for accelerating the development of science and engineering in the Republic of Cuba and the SRV up to 1990, and others.

In the area of fuel and energy, efforts are being united to use compressed and liquefied gas as motor fuel, and geological surveying work is being expanded in Vietnam, the Republic of Cuba and Mongolia.

In the area of manufacturing raw material, we intend to work out and coordinate plans for developing and siting production facilities for scarce and economical types of metal products in the next 10-15 years; deepen mutually advantageous ties with a view towards meeting CEMA member-nation requirements for finished rolled metal and steel pipe up to 1990 and to 2000; improving the effectiveness with which nonferrous metals are used and meeting the growing requirements of our countries for nonferrous metallurgy products.

In machinebuilding, the No 1 task is to set up the specialized, coordinated release of progressive types of machinery and equipment which will ensure the efficient use of fuel and energy, of modern equipment complexes for open-pit mineral mining and building large pipelines, of machinery and equipment systems which reduce manual labor in the national economy, and others.

In the area of transport, priority is being given to developing the network of railroads and highways of international importance, to further perfecting the Unified Container Transport System, and so on.

One feature of the list is that is more closely links economic and scientific-technical interaction, which will increase the effectiveness of cooperation in the material production sphere.

One basic question to be resolved in the course of coordinating 1986-1990 plans is that of using fuel-energy and raw material resources more economically and intelligently. It is for good reason that this is being singled out at this particular stage. As experience shows, it can be fully resolved only on the basis of the collective efforts of all the countries concerned. Implementation of the Long-Range Targe Program of Cooperation in Meeting the Economically Justified Requirements of CEMA Member-Nations for the Basic Types of Energy, Fuel

and Raw Material Up To 1990, which was adopted at the 1978 CEMA Session, plays an important role in this. The complex of measures in this area was outlined at the 30th meeting of the CEMA Committee on Cooperation in the Planning Activity Area and was approved at the 37th Council Session meeting. Implementation of the Session resolutions is now the focus of attention for other CEMA agencies as well, in particular, of the committees for scientific-technical cooperation and cooperation in the area of material-technical supply, of branch permanent commissions and their working groups. The task is to bring into play unused reserves and opportunities.

Much work is also being done within national frameworks. In accordance with instructions from higher party and state agencies in the CEMA member-nations, target comprehensive programs and measures aimed at ensuring the economical and more efficient use of fuel, energy, raw and other materials in the national economy are being worked out and implemented.

Governed by the resolutions of the 26th CPSU Congress, CPSU Central Committee and USSR Council of Ministers, for example, a special decree was adopted in 1981 on the basic directions and steps in improving the effectiveness of fuel-energy resources use in the national economy in 1981-1985 and up to 1990. The Soviet Union is also working out and implementing measures to reduce output materials-intensiveness, to reduce losses in the national economy, and to make better use of production and household waste, recovered resources and by-products.

The interaction of the fraternal countries in developing branches of the food complex is acquiring increasing importance today. The CEMA Committee on Cooperation in the area of planning activity has prepared "Comprehensive Cooperation Measures to Improve the Provision of CEMA Member-Nations With Foodstuffs," which were approved at the 37th meeting of the CEMA Session.

When developing this document, the committee paid particular attention to further broadening and deepening production and scientific-technical ties in agriculture, food industry and those branches effecting their retooling.

A reliable food supply, improved nutrition and food quality, are currently among the most important economic and political tasks facing our countries. Every prerequisite is present for resolving it successfully, for the countries to achieve complete food self-sufficiency. Steadily developing bi- and multilateral cooperation among CEMA member-nations is called upon to facilitate this.

In order to increase the production of the most important types of agricultural and food output, the Comprehensive Measures anticipate continuing and broadening interaction aimed at further developing genetics, breeding and seed production, introducing industrial technologies for cultivating agricultural crops. The united efforts of scientists in the fraternal countries have now enabled us to create very valuable stocks of selection materials. About 200 new varieties have been transferred for state quality testing and about 80 varieties of grain crops have been acclimatized in countries [of the community].

It is planned to increase gross grain harvests foremost by increasing yields, as well as by reducing losses at all stages of production, storage and processing.

In view of the exceptional importance of improving supplies of meat, meat products and milk to the populace, the Comprehensive Measures anticipate CEMA member-nation cooperation in providing the branch with coarse and succulent fodder and feed concentrates, expanding the reciprocal use of livestock gene pools, deepening specialization in the area of working out and perfecting industrial technologies and equipment for maintaining livestock and poultry.

In order to increase commercial fish and fish-product stocks, we plan to accelerate the development of industrial freshwater fish raising.

A complex of measures will also be implemented to increase the production and reciprocal deliveries of vegetables, fruit and grapes, both fresh and processed, and for obtaining sterile apple, strawberry, peach, apricot and potato planting stock.

Much importance is being attached to deepening interaction on material-technical supply to corresponding branches. Work will continue under the agreements on specializing and consolidating the release of machine systems for the comprehensive mechanization of agriculture, of instruments and equipment for testing, repairing and servicing them, on manufacturing modern equipment for transporting, storing and applying mineral fertilizers and poisons to the soil. At the same time, a number of comprehensive measures are planned to retool food industry, including the development and introduction of waste-free technologies. Deeper division of labor in developing and producing machines for this branch is anticipated.

Big tasks also face us in developing cooperation in chemical and petrochemical industry. Its goal will be to increase the release and delivery of mineral fertilizers and chemical means of plant protection and to improve their quality. A further unification of efforts in scientific research to intensify and increase the production of fodder yeasts, lysine, preservatives, vitamins and other feed additives is planned.

Much work also faces us in developing specialization and cooperation in manufacturing equipment to retool trade and public catering, wraping and packaging foodstuffs, as well as expanding the fleet of special means of transport.

The comprehensive measures are an important supplementation and concretization of the Long-Range Target Program of Cooperation in Agriculture and Food Industry. In order to implement them, CEMA agencies have been instructed to prepare appropriate agreements and contracts during the course of coordinating the 1986-1990 plans; after the economic terms have been agreed to, these will be signed by the countries concerned. In order to meet the obligations assumed, CEMA member-nations will anticipate the necessary material and financial resources in their own national economic plans.

The provision put forward at the 26th CPSU Congress on supplementing the coordination of national economic plans with coordination of economic policy as a whole, as well as the expanded development of a strategy of economic development and interaction among countries of the socialist community at the present stage, is called upon to exert a large influence on cooperation in the area of planning activity.

Supplementing plan coordination with coordination of economic policy as a whole by the countries concerned will, in particular, assist in orienting the cooperation towards solving long-range problems on a basis of introducing the achievements of scientific-technical progress, towards creating production capacities on a base of capital investment coordination. It will also have a positive effect on coordinating plans for developing the priority directions of science and engineering, which has the goal of further expanding mutually advantageous contacts in the area of science and engineering, integrally linked to the cardinal national economic tasks. Coordinating economic policy also plays an important role in deepening multilateral coordination of the actions of CEMA membernations concerned in foreign economic relations with outside countries.

Successful implementation of the joint measures planned in the course of plan coordination for the next five-year period will enable the fraternal countries to use their own production and scientific-technical potential more efficiently to increase the release of items and reduce unjustified losses, to improve product quality and expand assortments. And this will in turn facilitate intensifying the national economy and improvement in the standard of living of the people.

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ENERGY AND MATERIALS CONSERVATION PROBLEMS AND RESULTS

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 84 (signed to press 19 Jan 84) pp 47-50

[Article by Boris Medvedev, MIEP MCC (International Institute of Economic Problems of the World Socialist System) under the heading "Exchange of Experience": "Saving Material Resources"]

[Text] Implementation of the ambitious programs of CEMA member-nation economic and social development planned for the current five-year period and up to 1990 will require enlisting enormous amounts of raw material, fuel-energy and other material resources in production. At the same time, it is increasingly expensive to continuously increase their extraction and the shipment volumes, and the mineral reserves themselves are, as we know, nonrenewable. Therefore, undre present conditions, a substantial slowing of growth in the consumption of primary types of raw material, fuel and energy and the economical, intelligent use of all other fuel-energy and raw material resources is becoming extremely urgent.

Speaking at the November (1982) CPSU Central Committee Plenum, Comrade Yu. V. Andropov, CPSU Central Committee General Secretary, emphasized, "Conserving, a thrifty attitude towards the national wealth, is now a question of the feasibility of our plans." Saving material resources per unit of output produced leads to national income growth, to increased accumulation and consumption funds, and enables us to save the capital investments and labor necessary to develop the extractive industry.

Target Directions

CEMA member-nations, a majority of which are now resolving the task of changing their economies over to primarily an intensive path of development, have accumulated quite a bit of experience in the more efficient use of fuel-energy, raw-material and other resources. Solving this problem has been facilitated in large measure by the expanded programs of concrete measures aimed at the thrifty, intelligent use of all types of resources whenever possible, which were adopted in accordance with the directives of the congresses of CEMA member-nation communist and worker parties held during 1979-1982.

The target-program approach to the economical expenditure of material resources and lowering output materials-intensiveness became characteristic of a number of

CEMA member-nations back in the 1970's. Thus, the NRB [People's Republic of Bulgaria] Council of ministers approved six national programs to lower expenditures of metal, fuel, wood and other raw materials in the sixth five-year plan (1971-1975) in 1973. A National Program to Use Material Resources Effectively and a Comprehensive Program to Increase the Effectiveness of Energy Resources Use were worked out and approved in the seventh five-year plan. Their implementation enabled us to save 982,000 tons of conventional fuel, 1.364 billion kW-hr of electric power, 100,000 tons of rolled ferrous metals, 9,000 tons of steel pipe, more than 30,000 tons of chemicals, 340,000 m^3 of wood and 73,000 tons of cement.

Systems of target programs and measures aimed at saving materials and energy carriers were also in operation in the late 1970's in Hungary, Mongolia, Poland, Rumania and Czechoslovakia, which was of considerable help in enabling these countries to soften the unfavorable consequences of the constant rise in world prices for fuel, energy and raw materials.

Even larger problems of saving fuel, raw material, energy and other material resources face CEMA member-nations in the current decade. Their overall task in this regard is to lower the resources-intensiveness of national income and, in so doing, to create additional prerequisites for increasing the tempo of economic growth.

Thus, it was stressed at the 12th Bulgarian Communist Party Congress that lowering output materials- and energy-intensiveness and introducing low-waste and waste-free technologies must become a characteristic feature of socialist expanded reproduction in the eighth five-year plan (1981-1985) and up to 1990. A special program for 1981-1985 and up to 1990 was worked out and approved for comprehensive resolution of the tasks connected with the more effective use of energy resources; its implementation will permit a savings of 12 million tons of conventional fuel just in the current five-year plan.

Problems of the economical, intelligent expenditure of fuel-energy and raw material resources occupied an important place in the work of the 12th BSRP [Bulgarian Socialist-Workers Party] Congress. The energy program worked out based on a congress resolution anticipates slower increment in energy consumption as compared with the increment in national product, with energy consumption rising at 0.6 to 0.7 percent given one-percent growth in national product. The program also anticipates ensuring an annual savings of 1.2 to 1.4 million tons of petroleum by 1985 and three million tons by 1990.

In the GDR, in accordance with the Directives of the 10th SEPG [German Socialist Unity Party] Congress, specific consumption of the basic types of raw material and energy carriers is to be reduced by five to 5.5 percent by 1985, rolled ferrous metals -- 6.3 to 6.5 percent, and 12 percent of all requirements for the most important types of raw material are to be met through the comprehensive use of 29-30 million tons of recovered raw and other materials. As a result, it is proposed to achieve 28-30 percent of the increase in national income planned for 1981-1985 given an annual increase in primary energy consumption of less than one percent.

Steps to intensify resources conservation, and raw and other materials in particular, as well as recycling, are outlined in the Basic Directions of Republic

of Cuba Economic and Social Development, which were approved at the 2nd Cuban Communist Party Congress.

In accordance with the resolutions of the 18th MNRP [Mongolian People's Revolutionary Party] Congress, all branches of the MNR [Mongolian People's Republic] national economy must lower specific expenditures of materials on production, and very considerably in a number of instances. For example, the specific expenditure of liquid fuel in motor and air transport is to be reduced by an average of at least four percent.

The task of substantially lowering the resources-intensiveness of the aggregate social product and national income is now critical in the PNR [Polish People's Republic] national economy. The country is faced with taking steps to modernize the fuel-energy economy, replace a significant amount of inefficient power equipment and set up the use of recovered resources. Implementation of these measures will doubtless be an additional factor in stabilizing the PNR economy.

The 12th RKP [Romanian Communist Party] Congress set the task of lowering the proportion of material expenditures in social product from 57.7 percent in 1980 to 55.5 percent in 1985. In order to do this, it planned at least a 40 percent reduction in average indicators of energy resources per 1,000 ley of industrial output and considerably broader use of recovered resources. Thus, the latter is to cover 40-60 percent of the national economy's metal raw material requirements and 68 percent of its paper requirements.

Serious materials resources conservation tasks have been set in the USSR. According to the resolutions of the 26th CPSU Congress, 160-170 million tons of conventional fuel must be saved, specific expenditures of folled ferrous metals must be reduced by 18-20 percent in machinebuilding and metalworking, steel pipe -- 10-12 percent, nonferrous metals -- 9-11 percent, in the national economy of the Soviet Union during 1981-1985. The anticipated result is faster growth in production than in expenditures.

The importance of this task was stressed as well in the CPSU Central Committee and USSR Council of Ministers decree "On Intensifying Work to Conserve and Make Intelligent Use of Raw Material, Fuel-Energy and Other Material Resources," which pointed out that "we need to actualize still more persistently and systematically the principles of socialist management, to carry out Lenin's order that money be accounted for accurately and conscientiously, that we manage economically and observe the strictest labor discipline. Using raw and other materials thriftily, reducing waste and eliminating losses -- these mean saving the labor of millions of people and capital investments, increasing output and protecting the natural environment. Expanded opportunities for improving the well-being of the people depend largely on this."

A number of steps to improve resources consumption have been outlined in the CzSSR. They must ensure an annual two-percent fuel and energy savings, a 4.5-5 percent savings in metal and the better use of recovered raw material during the 1981-1985 period. It is especially important to reduce energy-intensiveness in the economy, which Czechoslovak specialists estimate is 20 percent higher than the analogous indicator in the developed capitalist countries. The reasons are an unfavorable fuel-energy balance structure, high fuel and energy expenditure

levels in a majority of the technological processes, and the inadequate use of recovered resources.

Solutions

What specific steps are CEMA member-nations taking to effect the intelligent use of fuel-energy, raw material and other material resources? Foremost, steps of an economic and organizational nature aimed at lowering specific expenditures of fuel, energy and raw material in the production of a number of items, including through reduced losses.

To improve the effectiveness of energy resources use, Bulgaria proposes to modernize and renovate equipment in energy-producing and energy-consuming types of production, to reduce losses in transmitting, transforming and distributing electric power, and to improve the rate structures for fuel and energy expenditures. In order to implement a unified energy policy throughout the national economy, an Interdepartmental Coordinating Council for the Effective Use of Energy Resources and Energy has been created on a state-voluntary basis within the NRB Ministry of Power Engineering.

Much work is being done in Hungary to introduce energy-saving technologies. Examples of effective work in this area would be the modernization of equipment at the Petskiy Nitrogen Plant, permitting nearly a 50-percent reduction in specific energy expenditure to produce one ton of ammonia, or the release there of transistorized television sets which consume 60-70 W of electric power, instead of tube-type models, which consume 140-250 W.

Energy saving in the VNR is being achieved basically in metallurgy by improving the quality of iron ore agglomerate and introducing oxygen-blast technology; in agriculture -- by modernizing technology for drying agricultural produce; in transport -- by using instruments to monitor gasoline expenditure and by equipping trucks with devices to reduce gasoline expenditure, by improving the shipping structure, and so on.

The GDR is making increasingly better use of raw material and energy. Thus, the use of thick-sheet high-strength steel in the production of cranes and excavators has permitted a reduction in metal consumption per unit of capacity; the production of steel for cold pressure processing has ensured that almost 95 percent of it is used in machinebuilding, with a simultaneous three-fold improvement in labor productivity. Millions of marks are being saved through the use of steel with corrosion-resistant properties.

Major successes have also been achieved in saving raw material, fuel and energy in steel production itself. For example, a high-temperature thermomechanical method of manufacturing prestressed reinforcing steel at the steel rolling mill in Henningsdorf has permitted a 200-percent increase in labor productivity, with a simultaneous 50-percent reduction in specific energy consumption.

One of the most important directions of making the use of fuel-energy and raw material resources more efficient is by changing the structure of their consumption, which, in a number of instances, enables us to obtain a very large impact.

For example, the expenditure of petrochemical raw material per unit of structural materials of comparable parameters is 3-5 times lower as compared with the expenditure of metal ore.

Expensive types of resources can be replaced by cheaper types both in production and in the household. In Hungary, more than 100,000 apartments are being switched over to gas heating this five-year plan to reduce petroleum use. Due to this, and to the establishment of more efficient heat-expenditure regulators in another 150,000 apartments by 1985, it is proposed that energy equivalent to 80,000 tons of petroleum will be saved. In Rumania, technology for switching buses over to gas has been developed in order to save gasoline, which will permit the saving of 10 tons of gasoline per vehicle annually.

In the CzSSR, using nontraditional energy sources is an important way of increasing fuel resources. For example, they will comprise 10 percent of all fuel consumption by 1990.

Recovered Raw Material

Of substantial support in providing the national economy of CEMA member-nations with an adequate amount of fuel-energy and raw material resources will be the reuse of their sources and of production waste. Practically all the fraternal countries have accumulated much positive experience in this particular area.

In order to implement the program aimed at intensifying the collection and utilization of scrap and recovered raw material, which was adopted in 1981, Hungary has put into operation 33 facilities, which consume little, and rapidly recompensed, capital investment. This has enabled it to increase its level of use of scrap and recovered raw material from 6.3 billion forints in 1980 to 7.3 billion forints in 1982. In 1983, this figure is to rise to 8.4 billion forints.

Metallurgists have begun reprocessing scrap slag. Thus, the Dunai Vashmyu combine, using technology at the "Haldex" enterprise, will reprocess 1.5 million tons of scrap slag annually, obtaining iron-ore raw material with up to 90 percent metal content for use in blast-furnace production and raw material with 60-65 percent metal content for steel production; the less-valuable portion of the scrap slag will be used as building and refractory materials.

The introduction into production of technology for obtaining ethylacetate from scrap containing acetic acid, developed by the Biotal pharmaceuticals plant (Debretsen) in cooperation with Budapest Technical University, will enable us to obtain a product which previously had to be imported by Hungary exclusively from capitalist countries.

The GDR has long used blast-furnace gas, lignite coal scraps and crushed briquettes, open-hearth furnace waste heat, and so on, obtained as a result of the blast-furnace process. The economic impact of using these resources can be judged, for example, by the fact that thousands of apartments, public buildings and nearly 20 enterprises in Brandenburg are heated using steam and waste heat from open-hearth furnaces of the People's "Shtal und Waltzwerk" Enterprise. This has permitted, first, a savings in funds for mining and transporting 60,000 tons of lignite and, second, eliminating the necessity of building a separate central heating and power plant.

Major successes have been achieved in using recovered raw material in GDR construction. Thus, their use in the branch rose 10 percent in 1983, to 13 million tons. Filtered lignite ash, slag, material from dumps and old automobile tires will be utilized to produce building materials.

The country is attaching great importance to creating construction materials which will facilitate saving a maximum of energy. To these ends, the production of building component elements using foam concrete, with its good insulating properties, is being increased three-fold. They will be used both in the construction of housing and in the installation of industrial and public buildings.

Approximately 43 percent of the demand for raw material in GDR cardboard-paper industry will be met by waste paper, 60 percent of the demand for glass containers in the food industry will be met by reusing bottles and jars, and 70-75 percent of ferrous metallurgy's raw material requirements will be met using scrap metal.

A production scrap utilization program is also being successfully carried out in the CzSSR, and in a number of instances, this is yielding both an economic and, equally importantly, an ecological impact. As a result of joint research by the plants imeni Slovatskiy Insurrection in Soyskov and the Scientific-Research Institute of Glass in Trenchin, economical technology has been developed which enables us not only to neutralize the arsenic contained in nonferrous metals ores, but also to use its salts as a glass melt coagulant. Moreover, the new technology and the arsenic salts being obtained on its basis provide an opportunity to reduce imports of arsenic oxide and to use it in glass industry as a substitute for scarce antimony pentoxide.

Naturally, the extensive use of recovered resources is possible only given much well thought-out work on finding economic levers which will stimulate enterprises, organizations and the populace to involve them in economic circulation. The experience of CEMA member-nations in this area demonstrates that there are such levers. In the GDR and several other fraternal countries, successful use is being made of prices which make the collection and release of recovered raw material profitable. Thus, the GDR now has a payment of 1.2 marks per 10 kg of ferrous metal scrap (instead of the 67 pfennigs prior to 1980), 30 pfennigs per kilogram of waste paper (instead of 15), and 20-30 pfennigs per bottle or jar (instead of 5).

The flexible use of prices is also effective when making energy consumption more efficient. Interesting experience in using differentiated rates for electric power for household use has been accumulated in Rumania. The country's basic "light payment" criterion is now the number of living areas in an apartment and the number of residents living in it. When the consumption norm is met for a two-room apartment with 2-3 residents, for example, it is 750 kW-hr in urban areas and 470 kW-hr in the countryside. The price per kW-hr under the norm is 0.55 lei, but rises to 0.9 lei when the norm is exceeded.

The stimulating role of prices in energy and materials conservation is widely used in the CzSSR. By putting high retail prices on items with high energy consumption, it orients consumers towards acquiring more economical (and also cheaper) household electrical appliances. Czechoslovak metallurgy plants have

introduced widely the principle of evaluating metal deliveries on the basis of theoretical (nominal) weight, that is, the principle under which a manufacturing enterprise records the nominal weight when metal items are delivered, whether the actual weight is above or below nominal.

CEMA member-nations pay much attention to the intelligent use of fuel-energy and raw material resources not just at the national level. Cooperation in this area is one of the important aspects of their economic interaction, in particular, that within the framework of implementing the Long-Range Target Program of Cooperation on Energy, Fuel and Raw Material. Its planned implementation will enable CEMA member-nations to accelerate the development of nuclear power engineering, the Unified Electric Power Systems, develop technologies aimed at processing petroleum and gas more thoroughly, restricting their consumption as fuel, and so forth.

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CEMA SCIENTIFIC-TECHNICAL COMMISSION MEETING OF NOVEMBER 1983

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 84 (signed to press 19 Jan 84) p 21

[Article under the heading "News Brief": "29th Meeting of the CEMA Committee on Scientific-Technical Cooperation"]

[Text] The 29th meeting of the CEMA Committee on Scientific-Technical Cooperation was held on 24-25 November 1983 in Moscow.

Consultations were held and experience exchanged at the meeting on experience in setting up the introduction of new equipment and technology in CEMA member-nations, and experience was exchanged on planning, financing and stimulating economically the development and introduction of new equipment and technology.

Committee tasks stemming from the CEMA Session (37th meeting) and CEMA Executive Committee (108th meeting) decrees were reviewed. In this regard, particular attention was paid to the necessity of concentrating forces and resources on solving the priority scientific-technical problems of developing new equipment and technology, creating the conditions necessary to extensive development of cooperation on the basis of agreements (contracts) and direct ties among implementing organizations, questions of interaction and tying scientific-technical cooperation to production-economic cooperation.

The committee examined preliminary proposals on the procedures, structure and schedules for working out a 15- to 20-year Comprehensive Program of CEMA Member-Nation Scientific-Technical Progress.

The meeting examined questions connected with progress in implementing general agreements on multilateral CEMA member-nation cooperation in developing and organizing the specialized production of industrial robots and developing and making extensive use in the national economy of microprocessor equipment. It also outlined specific steps to broaden and deepen cooperation in these areas.

The committee discussed progress in implementing the "General Agreement on CEMA Member-Nation Cooperation in Helping Accelerate the Development of Science and Engineering in the SRV [Socialist Republic of Vietnam] Up To 1990."

It also reviewed the activity of the Council on Cooperation in the Area of Material-Technical Support of Scientific and Technical Research and proposals on

deepening cooperation with a view towards creating comprehensive conditions for the broad, accelerated introduction of automated systems into the national economy of CEMA member-nations, proposals on contacts between CEMA and the Federation of Scientific-Technical Societies of Socialist Countries, and a number of other questions.

A 1984-1985 Work Plan was approved for the committee and its working agencies.

Appropriate resolutions were adopted on all the questions examined.

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ROLE OF CEMA PRODUCT COSTS IN RAISING QUALITY, ASSORTMENT

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 1, Jan-Feb 84 (signed to press 29 Dec 83) pp 77-89

[Article by N. M. Mitrofanova: "The Role of Prices in Improving the Quality and Modernizing the Assortment of Industrial Output in the CEMA Countries"; passages rendered in all capital letters printed in italics in source; figures in parentheses refer to bibliography entries]

[Text] The article analyzes the experience of the USSR and a number of other CEMA member countries in the the field of stimulating an increase in the quality and modernization of industrial production by means of prices. Certain methodological problems and the general and specific features of the system of price incentives in the production of new and technically improved products which has taken shape in individual countries are examined. Future directions for further reinforcing the role of prices in producing new and high-quality output are described.

The national economy of CEMA member countries is experiencing an urgent demand for further improvement in the quality of industrial products and modernization of their assortment. An increase in the efficiency of public production and its intensification, acceleration of scientific and technical progress, more economical use of raw material resources, and advancement of the people's material and cultural welfare depend on this to a significant extent.

Many CEMA countries already have achieved definite positive results in this field. In the GDR, for example, goods with the emblem of quality valued at 49.8 billion marks were produced in 1981; this constituted 27 percent of the overall volume of commodity industrial production subject to certification for quality (8). In 1982, the output of such production was increased up to 61 billion marks (9). In Czechoslovakia, the proportion of products of a high technical level in 1982 made up 11.1 percent of the overall value of industrial production (10, 29 Jan 1983). In the Soviet Union, the proportion of output in the high-quality category in the 1975-1982 period increased by 2.5 times as much in the overall value of industrial production and reached

15.5 percent. In 1982, 90,000 descriptions of commodities were produced with the emblem of quality (2, 1982, No 11, p 42). In 1985, it is being planned to increase the proportion of high-quality products up to 20.5 percent (3, 1982, No 17, p 1).

Noticeable improvement also is being observed in the extent to which the industrial output of CEMA member countries is being brought up to date. Thus, in Romania the proportion of new and modernized types of products introduced since the beginning of the current five-year plan constituted 23.2 percent of the production output of processing sectors in 1982. In particular, 3,300 new and improved types of machines, equipment, instruments and installations and over 950 new materials and consumer goods were developed and introduced into production. In the process, 98 percent of the new types of output put into production were provided through domestic scientific developments (11, 9 Nov 1983).

The assortment of industrial products in Czechoslovakia is being modernized at a rapid rate. While in 1980 the proportion of new products in overall production volume amounted to 10.7 percent, in 1981 it had already reached 15.3 percent (10, 2 Feb 1982) and in 1982 it was increased further by 16 percent (10, 29 Jan 1983).

In Bulgaria, 42.9 percent of the developments were devoted to preparation for the output of new and improved industrial products, as well as modernization of industrial processes, in 1982. It is characteristic that modernization of output being produced for the first time in the country has taken place at a more rapid rate. Among individual sectors of industry, particular progress in this regard should be noted in metallurgy and machine building. The assortment of light industry products has been significantly expanded. The assortment of food products of the Bulgarian food and flavoring industry has been substantially enlarged through the production of more than 200 new types of products, which has made it possible to significantly increase the variety and improve the quality of products intended for children and dietetic nourishment (6, 29 Jan 1983).

However, the progress achieved is not being evaluated by the countries as the maximum, and the task of searching further for new efficient ways and means and of improving those which already are available to stimulate an increase in the quality and modernization of the assortment of industrial production remains an urgent one for them as before. The purpose of this article is to analyze the experience of the Soviet Union and a number of other CEMA member countries in this field, mainly with regard to output which is manufactured.

But before beginning an analysis of the system of methods aimed at improving the quality level of production which has taken shape in the CEMA countries, it is necessary to dwell on certain fundamentally important points which have a great deal of methodological importance. This refers primarily to problems such as determining the criteria for optimizing the quality of commodities and the economically substantiated limits for its increase, finding an efficient correlation between the level of product quality being achieved and the

extent of the socially necessary inputs for their production, and improving the methods of cost expression of the quality of output in the process of price formation.

In recent years a larger and larger number of supporters have been won over--deservedly, in our opinion--by the point of view that a socially necessary level of quality is possessed namely by the product whose use value corresponds to the greatest extent to the conditions for its industrial consumption in each specific case, but not by the product for which more labor was invested to produce and which for this reason may possess the absolute highest quality level for its characteristics. For if a product of such high quality is not needed for a specific industrial purpose, the inputs invested in its production also remain unneeded and they are lost for society to no purpose. It has to follow naturally from this that the basic criterion for optimizing the "quality-inputs" correlation, which characterizes the limits of an economically justified increase in the quality level of output, is, in the final analysis, the reduction of production inputs per unit of beneficial gain of a specific product (capacity, productivity and the like). Achievement of this gain is possible under different conditions:

--the level of usefulness of a product increases when production inputs are reduced;
--the level of usefulness is increased when inputs are constant;
--an increase in usefulness takes place more intensively than an increase in inputs;
--the level of usefulness is not changed, but inputs are reduced; and
--the usefulness of a product is reduced to the functionally justified level when inputs are reduced at an advanced rate.

However, regardless of the conditions under which a useful gain may be obtained, the "quality-inputs" correlation obviously can be recognized as optimal only under the condition that a specific product corresponds to the maximum possible extent to a functional purpose in consumption, in accordance with its quality characteristics, and has been produced with the minimum inputs. And accordingly, for quantitative measurement of the useful gain in a specific "quality-inputs" correlation, it is necessary to determine the difference between savings obtained as a result of the consumer's inputs and additional inputs by the producer connected with the qualitative assurance of a product's functional purpose. The alternative in which the overall economy is the highest has to be considered the best one. According to the estimates of Hungarian economists, for example, an efficient system of managing product quality can provide a savings of 3 to 10 percent of the overall volume of production inputs (12).

In the practice of managing the national economy of the USSR, the "Basic Provisions of the Methodology of Conducting a Functional-Cost Analysis" (FSA), which were called upon to promote every possible increase in production efficiency by means of optimizing the correlation between products' consumer characteristics and the inputs for their development, production and utilization, underwent experimental verification for several years, and were approved in

1982 by the GKNT [State Committee for Science and Technology] and went into effect. Results of the functional-cost analysis are utilized by management organs at various levels in planning, financing, norm-setting, standardization and fixing prices. The FSA method provides for the fullest possible satisfaction of the consumer's requirements and the selection on this basis of the most efficient ways of meeting them. There is every reason to believe that extending the application of the FSA in the national economy of the Soviet Union will make it possible to economize inputs for industrial production significantly, reducing them to the necessary minimum where there is a set functional purpose for a product. Optimization of the "quality-inputs" correlation with the help of the FSA also should have a favorable influence on the methods of cost evaluation of quality in the formation of prices for individual types of industrial production.

In analyzing the stimulating role of prices in increasing the quality and modernizing the assortment of industrial output, it also is important to methodically and accurately determine which products are rightfully to be considered new. That this is far from a formal question follows primarily from the universal law of time economy, the basic requirements of which are the steady increase in labor productivity and reduction of the level of socially necessary inputs in production. As applied to the production of new output, the realization of these requirements means the principled inadmissibility of improvement in its quality parameters by any price and recognition of the necessity of improving new products with the least labor inputs. In this regard, appropriate reliable and objective procedures are required which make it possible to determine the innovation of consumer characteristics of individual types of output and the extent of their economy in consumption, and to gage the effectiveness of production inputs per unit of functional usefulness (useful gain) of a product, in order to classify the new output on this basis in accordance with basic groups in proportion to the new quality characteristics inherent in it.

In the "Procedure for determining wholesale prices and the standards for net production for machines, equipment and instruments for production and technical purposes," approved by a decree of the USSR State Committee on Prices in December 1982, three groups of new output are distinguished, for example (3, 1983, No 6, pp 11-12).

1. Products which are similar and are intended for replacement of those put into use earlier. Having been called upon to meet identical requirements, together with the output already being produced, these products should possess definite new advantages in signs of quality, esthetic level, social purpose, and so forth.

2. Products which in their design are the development of a speific parametric sequence and are distinguished by individual technical and economic characteristics. Belonging to this group are new types of products which expand or modernize the assortment which has already taken shape, intended to satisfy specific requirements. Such output either exceeds in quality that which has already been assimilated and is more effective in consumption or it meets totally new requirements in general.

3. Fundamentally new products being assimilated for the first time in the USSR and which are not similar to any production being turned out. The innovation of this output may be defined by the nonstandard aspect of its technological solution, by the new nature of consumer properties and consumer purpose, and by particular achievements in the reduction of production inputs per unit of useful gain.

Despite the distinctive differences among these three groups, the common determining feature for all of them, as is evident, is the presence of improved quality characteristics and greater efficiency in their production and utilization.

The classification of new output in the price formation procedures being employed in the CEMA member countries also is carried out by taking the basic quality indicators in production and use into account. M. Sabolcik, chairman of the CSSR Federal Price Office, for example, characterizes new output in the following way: "At present, in setting a price, a product is considered new which, owing to its new solution and improvement of consumer characteristics, meets a public demand which has not been met until now or meets it in some other way. A product which increases the extent of production economy or is more efficient for the consumer also is considered new" (5, p 110).

Thus, the processes of continuous modernization of output and improvement in its quality under current conditions are organically inseparable from each other, in light of which a single economic and legal policy on the scale of each country is employed in CEMA member countries for stimulating them by means of prices.

An entire system of ways and means for such stimulation of the most diverse level, direction and influence is already actively functioning in a number of CEMA countries. Among the basic ones may be named the fixing of surcharges and discounts on the wholesale prices of new output, regulation of its profitability, differentiation of prices according to output grades, application of limiting prices in the planning and development of new products, a temporary increase in prices or the establishment of temporary surcharges, the practice of setting prices in accordance with a contract between producers and consumers, special-purpose subsidization [dotirovaniye], comparison with the level and correlation of world prices, calculation of export effectiveness, and conditions for distribution of economic gain, and so forth. In individual countries, as a rule, several different methods of stimulation are employed at the same time.

THE METHOD OF SETTING SURCHARGES AND DISCOUNTS FOR WHOLESALE PRICES has been employed mainly in machine building and metal working. An important condition for the efficient functioning of this method is the necessity for accurate state regulation of output quality, which is performed in CEMA countries by the appropriate departments for standardization and verification of the quality of industrial products being turned out. Three classes of quality have been

approved for industrial production in the majority of CEMA countries now. However, the characteristics of commodities in accordance with their emblems of quality do not always coincide for their distribution by classes in individual countries.

In the GDR, for example, output of the highest quality, which is given a "Q" emblem, refers to commodities which correspond qualitatively to requirements of the best world standards. Output of the second class (commodity emblem "1") is characterized by good quality, which meets the world level and enables it to compete on the world market with goods from the leading industrial powers. The third class and certification emblem is given to products which correspond to the purpose for which they are employed and whose reliability in use has been guaranteed.

In Czechoslovakia, the first category of quality (emblem "1") is made available for products of high quality which are not inferior in characteristics to similar foreign models, as well as to domestic procuts which have no similar counterparts on the world market which possess outstanding consumer characteristics and which are distinguished by a high esthetic level. The second category (emblem "2") includes products which fully meet the requirements of state quality inspection. The third category (emblem "3") applies to products which do not meet these requirements.

In Bulgaria, output has three emblems of quality: "K," "1" and "2"; products with the "K" emblem must correspond to the highest world level of quality, output with the "1" emblem conforms to the requirements for quality certification, and output with the "2" emblem is characterized by nonstandard and reduced quality.

Beginning in 1984, certification for industrial output in the USSR will be introduced in accordance with two quality categories--highest and first. Products not certified in accordance with these two categories are subject to withdrawal from production or may by way of exception be produced for no more than 2 years with the authorization of the USSR Gosplan (1).

The extent of incentive and sanctions for quality employed in CEMA member countries also varies. Thus, in Bulgaria the incentive surcharge for quality of output with the "K" emblem amounts to 20 percent, and the same level of 20 percent is approved for a discount with respect to low-quality products (7, p 66).

In Czechoslovakia, a surcharge of 25 percent has been set for output of the first quality category: two levels of discount are in effect for technically obsolete output--15 percent for the first certification and 30 percent after repeated confirmation of the product's certification as technically obsolete (13).

Since 1 January 1983, producers of industrial output in Poland have been granted the right to increase prices by 5 percent for output of the first grade and by 10 percent for output with the "Q" emblem of quality (19).

In the Soviet Union, incentive surcharges (of up to 30 percent) will be applied to wholesale prices for the production of new high-quality output which corresponds to the best current examples in its technical and economic indicators, and discounts of up to 30 percent from wholesale prices will be applied for industrial output which is subject to withdrawal from production (1).

In the GDR, surcharges on prices for new types of output with the "Q" emblem--principally for products of the metal working industry--of from 2 to 5 percent have been applied for practically two decades. At the same time, the profitability of new products is not permitted in any event to be more than double the average standardized level of profitability. The period these surcharges are in effect is determined by the period which has been set in the certification of quality for the corresponding products by the Administration of Commodity Standardization, Metrology and Testing. Differentiated discounts from the base price also have been stipulated for obsolete types of products.

It is significant to note as well that, while surcharges and discounts have been maintaining stability for an extended period in the GDR, the trend toward increasing them is being observed in the CSSR and Bulgaria. In the CSSR, for example, surcharges for output of the highest quality have been increased over the past decade from 10 to 15 (14, p 209) to 25 percent (13), and in Bulgaria from 10 (6, 1967, No 85, p 2) to 20 percent (7, p 66). At the same time, in the CSSR sanctions also were reinforced for the production of technically obsolete output; discounts for it were increased over the same period in relation to the base prices for the first and second certification of quality, from 5-20 (15, p 209) to 15-30 percent, respectively (13).

The increase in surcharges for quality has had a positive result, which has been expressed in the CSSR by the fact that the proportion of products in the first quality category in the overall volume of certificated output in the 1976-1979 period was increased from 14.4 to 24.6 percent; the proportion in the second quality category was reduced from 73.4 to 68.6 percent, and the proportion in the third category was reduced from 11.5 to 5.9 percent (15, p 211). In 1981, the surcharges to prices of technically advanced and high-quality products amounted to an average 14 percent of the base price (18, 1982, No 7, p 438).

THE METHOD OF REGULATING PROFITABILITY BY MEANS OF STIMULATING SURCHARGES has been used by many CEMA countries to a greater or lesser extent for different types of output in a specific economic situation, particularly by Poland, Bulgaria and the GDR. At present, its use is characteristic principally in Romania and the Soviet Union.

In Romania this method, which was legislatively confirmed by government decisions in 1971 and 1980 (11, 2 December 1971; 19 December 1980), is predominant, in fact. In conformity with official directions, the foremost task in price formation is stimulation of the production of new types of output of a high technical level and efficiency. In this regard, the opportunity is provided to establish greater profitability for them than for similar products being produced. The extent of additional profitability for new types of output is

fixed in Romania at the level of 5 percent of the surcharge calculated with relation to the absolute expression of standardized profitability. Thus the prices for new types of output include the production cost, the standardized profitability (its maximum level amounts to 15 percent) and a 5-percent surcharge (4, 1982, No 6, p 116). On the one hand, this provides incentive for producers who receive additional income for producing high-quality output, owing to differentiated levels of profitability depending on the qualitative parameters of products. On the other hand, with the aim of protecting consumers' interests, it is stipulated at the same time that prices for new output either provide for a reduction of operating expenses with the same useful gain, or contribute to a more substantive increase in the consumer gain with inputs that are constant or are being increased. An important condition for objectivization in the formation of prices for new output is considered a thorough comparison of it with output mastered previously for the consumer properties which characterize the products' quality. The methodology of price formation for new output which has been approved, in Romanian specialists' opinion, creates a real opportunity for stimulating the renovation and modernization of products (6).

Much attention is being devoted to improving the methodology and practice of price formation, including that for new production, in the Soviet Union. In a recently approved procedure for fixing prices for new machines, equipment and instruments, the principles of stimulating the production of new output by differentiating the level of profitability--establishing an increased level for new, advanced products and a significant reduction of the accepted standard for low-quality and obsolete output--have once again been confirmed and further developed.

Reinforcement of the role of incentive surcharges in stimulating production modernization is stipulated by the new procedure. Products whose technical level, quality and economic efficiency correspond to the best domestic and foreign models receive the right to a surcharge. The size of the surcharges has been established within the limits of 0.5 to 1.25 of the accepted standard of profitability accepted for a given group or similar group of products. However, the absolute limit of the surcharges cannot exceed 70 percent of the amount of economic efficiency achieved. Surcharges are differentiated according to the degree of increase in economic efficiency and progressively increase to the extent that the gain obtained is increased, as may be seen from the following model graduated scale (3, 1983, No 6, p 13):

Correlation of economic gain and wholesale price $\frac{E}{Ts_n} \cdot 100$, %	Size of incentive surcharge, percent of standardized profit	
	for achieving minimum limit of the range	for each unit within the range
15-35	50	0.20
35-55	54	0.25
55-75	59	0.30
75-95	65	0.35
95-115	72	0.45
115-135	81	0.60
135-155	93	0.75
155-175	108	0.85
175 and higher	125	----

The stimulating influence of surcharges has been aimed to the greatest extent at the production of output on the basis of new discoveries or inventions, as well as for the output of products which replace those that are imported and are paid for in freely converted foreign exchange. An incentive surcharge increased by 1.5 times as much is applied for this output. By means of increasing the surcharge by up to 50 percent of the savings in physical and labor inputs (under the condition that the level of the accepted standard of profitability will not be exceeded by more than twice as much) the reduction of materials-intensiveness and labor-intensiveness in the production of new output is encouraged. For new products whose advantages cannot be measured in the form of economic gain, a surcharge with a maximum which may constitute 30 percent of the standardized profit has been fixed. Surcharges on export output also have been established for those cases in which the sum of the wholesale price of the domestic market and the export and incentive surcharge do not exceed the level of the contract price (3, 1983, No 6, pp 12, 13).

Together with incentive surcharges, discounts have been provided for output which is subject to withdrawal from production. Output which has not been certified and is relegated to the second category of quality, for example, is sold with a discount of 50 percent of the standardized profitability (2, 1983, No 3, p 42).

Thus, surcharges are becoming a highly important supplement to the price of new output. It has been calculated that the proportion of incentive surcharges to wholesale prices amounted to an average 6.9 percent in 1981, nearly doubling in comparison with 1979 (3.5 percent), including in the prices of new highly efficient output, the production of which was based on the latest discoveries and inventions, in which the surcharges reached 13.8 percent (4, 1982, No 9, p 33). One-seventh of the price--this is an adjustment of deep concern which producers cannot help but take into account, an important economic stimulus.

THE METHOD OF CALCULATING LIMITING PRICES and economic efficiency employed in the stage of developing new machine building output has become part of the CEMA countries' practice in price formation for this output.

A characteristic in calculation of limiting prices is the joint participation of three sides in this process: developers and planners, the customer and consumer, and the manufacturer. The customer advances the initial requirements and gives the technical and economic substantiation, on the basis of which those who develop the technical assignment and the proposed manufacturer calculate the level of the limiting price and the degree of economic efficiency. The planners' principal task in the process consists of developing new output in full conformity with the technical and economic parameters given and of providing for a relative reduction of inputs per unit of the ultimate useful gain. Thus, the limiting price provides the opportunity to take the conditions for the sale and consumption of the new output into account ahead of time, as early as the planning stage.

Limiting prices are fixed either on the basis of the types of output which are similar to the new products or by taking into account improvement in the technical and economic indicators of new output in comparison with that which is being replaced. For this reason, a thorough and objective analysis of the basic qualitative parameters of the new product and the one being compared is very important for the formation of limiting prices. This is one of the most responsible stages of the work. Economic justification of the level of the limiting price and the amount of the gain expected for the consumer is verified by means of comparison with the prices in effect for the base products. An advanced product, the best of the domestic models in production, or in a number of CEMA countries, the output of foreign countries on the level of world standards, is taken as the base product.

Limiting prices are essentially future prices of new products. They also constitute the production cost (of planned) and standardized profit which has been called upon to serve in the future as a source in the formation of the means of economic incentive for all who took part in the development and production of new types of output and for those who will be the consumer of them. This is why as early as the stage of establishing the limiting price it is necessary to stipulate conditions for reduction of inputs per unit of useful gain in an amount adequate for these purposes. Under the procedure for fixing wholesale prices for new machines, equipment and instruments in effect in the USSR, for example, the coefficients of relative price reduction for new output are on a level of 0.9-0.85 (3, 1983, No 6, p 13). This guarantees a reduction of limiting prices by no less than 10-15 percent, which has a direct effect on an increase in the efficiency of consumption.

Limiting prices, which are a reliable criterion for determining the economic advisability of producing new products, are considered in the CEMA member countries as one of the means of actively influencing the process of modernizing production and its qualitative improvement.

A method of price formation of consumer goods traditional for all CEMA member countries which promotes continuing improvement in their quality and variety of assortment is THE DIFFERENTIATION OF WHOLESALE PRICES BY GRADES of output being produced. This method also has been widely used in the practice of price formation for raw material, materials, fuel, chemical industry output, and in metallurgy.

The principal advantage of the differentiation of wholesale prices by grading lies in the opportunity (owing to the more strongly developed multistage nature of prices in comparison with other methods) to reflect in prices with more completeness and accuracy the quality differences which exist between individual grades of output of one assortment group. This not only substantially expands scope and alternatives by means of prices to increase quality and the assimilation of new types of products, but it also creates especially favorable conditions for efficient utilization of the output, facilitating the selection of the grades which are functionally best for consumers in each specific case. It is important as well that the conditions for this method make it possible to employ, in conformity with the specifics of individual sectors of industry, the degree of price differentiation most efficient for it, with the aim of providing incentive for the production of high-grade output.

At present, as the experience of practically all CEMA member countries demonstrates, the trend toward detailing by grades, especially in light industry, metallurgy, for individual types of fuel, and so forth, is being clearly traced. At the same time, the prices of the highest grades of output may exceed by 1.5 to 2 times as much the prices of the lowest grades. To a significant extent, the highly dynamic and progressive advances in the quality and assortment of the output being produced is explained by such continuous improvement in the structure of grading and differentiation of the levels and correlations of prices in effect.

In the past decade, the attention of CEMA member countries has been intensified and in some cases important practical steps have been taken with regard to THE UTILIZATION OF WORLD PRICES AS AN OBJECTIVE PRICE-FORMING FACTOR of a criterion and stimulating nature in domestic price formation. Such an orientation in the practice of domestic price formation toward world prices has its own theoretical justification. In essence it consists of the recognition of the necessity for national socially necessary labor inputs, especially for new output, to correspond to the conditions of production and turnover not only on the scale of an individual country, but in accordance with the criteria of the world level as well (with the aim of achieving through it the qualitative parameters of similar products of the highest world standard). In this approach the countries see a real opportunity to provide significant impetus to the stimulating function of prices.

In following such an approach, the GDR, Czechoslovakia, Bulgaria and Poland have begun to consider limiting prices for wholesale prices on new and modernized output, as well as surcharges for wholesale prices to improve quality, taking into account without fail the factor of world prices. In Hungary, the

stimulating effect of world prices on new products is carried out almost automatically because domestic prices for approximately one-third of all output produced in the country are based directly on world prices, and the remainder also experience their active influence to one degree or another. In the Soviet Union, in evaluating new output, comparison of its consumer characteristics with the best foreign examples of a similar assortment also has been stipulated as a stimulating measure. The effect of this factor in price formation for new output in Romania remains insignificant for the present.

Along with the methods of stimulating production of new high-quality types of output by means of prices which have been listed above, a number of methods of a more local nature also exist. Some of them have been employed in the past, and others are being used in the present as well. Among the latter we can cite THE ESTABLISHMENT OF TEMPORARILY INCREASED WHOLESALE PRICES OR TEMPORARY SURCHARGES TO WHOLESALE PRICES with a period of 1 to 3 years for different commodity groups. A condition for the application of temporary prices may be, for example, higher quality level of new production, economically justified application of more expensive raw material, study of demand, and so forth. The extent of the increase in prices or the level of surcharges is restricted in the process by the limits of economic gain which the output is bringing to production and consumers. The stimulative importance for producers of temporarily increased wholesale prices or temporary surcharges on prices of new products have increased particularly after they stopped being reflected in plan targets, but in return are included to the full extent in accounts of the plans' fulfillment. The Bulgarian experience in this field is of particular interest.

A definite stimulating gain is provided by maintaining constant wholesale prices for new output for a number of years, regardless of the reduction of production cost to produce it. In Bulgaria and the GDR, prices which are reduced in phases with an interval of no less than a year are employed as well, which presupposes a gradual shift of the gain from the producers to the consumers.

A form of stimulation such as SPECIAL-PURPOSE SUBSIDIZATION has been approved in various years in a number of CEMA countries for the recovery of inputs related to improvement in the quality of new output and modernization of its assortment, when there has been inadequate profitability, when expensive raw material has been used, for the development of new technology, and the like. Hungary's experience in this regard is significant, in particular.

The practice of setting CONTRACT PRICES for new output essentially also represents one of the variations of price stimulation to increase production and improve the quality of new output. It has been employed most extensively in Hungary, where enterprise-producers and the customer themselves find each other and set the price by mutual agreement. However, the calculation procedure is regulated by the state. In Bulgaria and Czechoslovakia, contract prices are utilized primarily for new fashionable and artistically designed articles which are made in small quantities. The prices for them are set to a significant extent in accordance with the correlation between supply and demand on the basis of an understanding between the producer and the consumers. In the CSSR, the

possibility of exceeding the base price by up to 50 percent with contract prices has been officially envisaged (17). In Bulgaria, the maximum and minimum levels within the limits of which production enterprises and consumers come to an agreement on specific prices are set for them by the state organs for price formation. In the USSR, contract prices are employed for the first test batches of goods and particularly fashionable items in accordance with the sides' agreement, taking into account the consumer characteristics of the commodities, their conformity to fashion trends, the supply and demand which have developed, and establishment of the motivation of the producer and consumer.

A distinctive method of stimulating the production of new high-quality output IN ACCORDANCE WITH THE CRITERION FOR INCREASING EXPORT EFFICIENCY has been practiced in the CSSR for over 2 years already (since 1981). The effect of this method is based on differentiation of the profitability of new types of output being exported by means of special surcharges and discounts with respect to prices, depending on changes in export efficiency, which is determined by comparison of domestic and foreign trade prices. At the same time, the surcharges on wholesale prices of products with an export shipment volume which constitutes 25 percent and more of overall production depend entirely on the increase in export efficiency. And accordingly, "antistimulation," that is, reduction of wholesale prices by means of applying discounts from the prices of new output with a high proportion of export in production, is carried out to the extent that there is a drop in export efficiency (18, 1982, No 4, p 261).

By analogy with this method, the production of new output which replaces more expensive imported products also is stimulated by means of differentiation of wholesale prices in the CSSR. In this case, the level of surcharges may reach 60-70 percent of the difference between the price of the imported product and the wholesale price of domestic output, but under the condition that in cost it will not exceed 25 percent of the base price (18, 1982, No 4, p 263).

Prices for new output also have stimulating importance owing to the MUTUAL PARTICIPATION OF THE PRODUCER AND THE CONSUMER IN ACQUIRING the additional ECONOMIC GAIN being realized in them. It is fundamentally important to note that in the CEMA countries, when the gain is apportioned the condition that stimulation must be carried out only within the limits of the income really acquired and not through other sources must be strictly adhered to, since otherwise more cost would be apportioned than was established for it in production.

In the majority of countries, as demonstrated by comparing the proportions of the gain apportioned between producers and consumers, quantitative preference is given to the manufacturer, at least in the initial stage of production output. The proportion in favor of the producer, for example, reaches 70 percent in the GDR (14, S. 22) and the USSR (3, 1983, No 6, p 13), as well as in the CSSR, if the gain is the result of the efforts of one producer without the assistance of the consumer, otherwise this proportion is reduced up to 50 percent (13, Section 23). In Bulgaria, 40 percent of the gain is given to the producer, 30 percent to the trading organization or consumers and 30 percent goes into the state budget (7, p 71). Producers of output in Hungary receive no

less than 30 percent of the total gain. The effectiveness of such a proportion in distribution of the gain, which makes it possible to couple the interests of producers and consumers, is evaluated positively.

The diversity of methods being utilized in CEMA member countries for stimulating, with the aid of prices, the development and expansion of the production of new, technically improved and high-quality output has been objectively conditioned by a complex combination of tasks which determine the aim, form, extent and dynamics of price influence on these processes. The effectiveness of this influence will be all the more appreciable if the forms of stimulation being employed are aimed to a greater extent at reinforcing motivation for modernization of the assortment and increasing the quality of output, for meeting the demands of the national economy and the broad masses of the population, for accelerating scientific and technical development, and for consolidating the economic positions of CEMA countries in foreign markets.

The dynamism of the economic development of the countries of the socialist community under current conditions requires swift reaction on the part of price formation for new manifestations in national and world economic conditions and effective stimulation of progressive trends in the production of new and quality output. The active search for efficient directions and methods of stimulation, as analysis has shown, is taking place in all CEMA member countries without exception. At the same time, the common nature of the aims and tasks being set, in many respects, has been suggested to the countries by coinciding methods of solution such as, for example, the application of special surcharges and discounts to the prices of new output; limiting prices which ensure the extent of economy in planned developments; differentiation in profitability according to grades, making it possible to substantially amplify the scale of qualitative evaluation in conformity with consumers' interests, and consideration of the stimulative possibilities of the factor of world prices. On the other hand, such methods as the phased reduction of prices, which provides for the receipt of a larger proportion of the gain in the initial stage by the producers of new output, and a gradual shift of it to consumers to the extent that the short supply and obsolescence of products are reduced; the application of temporary prices, for study of consumer demand and partly for the recovery of increased production inputs during the period new output is being mastered; and the use of contract prices, where expedient, have received more limited recognition. And it is highly symptomatic that methods of stimulation which depend on the efficiency achieved have begun to be used more and more frequently in the CEMA countries. The application of stimulative surcharges and discounts to prices in accordance with the results of export efficiency, and to profitability--in conformity with savings obtained in physical and labor inputs, and restriction of the proportionate participation of producers and consumers in incomes by the limits of the gain realized should be included among such methods.

Despite the large number of planned directions and the diversity of the forms of stimulation by prices of the production and consumption of new and high-quality output, which imparts definite specific features to these types of prices, there are no fundamental distinctions in the economic nature of wholesale prices for new output in comparison with other forms of prices. In all CEMA member countries they are also formed on the basis of socially necessary inputs of labor and may be distinguished primarily quantitatively through the inclusion of various types of surcharges, increased profitability, and direct increase in prices temporarily or for an extended period. But this distinction does not violate the generally accepted principles of price formation, inasmuch as it applies only to the supplemental part of the prices of new output, which essentially is nothing more than additional socially necessary inputs invested in the production of goods of new or improved quality, that is, having a higher cost.

Being an organic integral part of a unified national system of price formation, the methodology and practice of forming prices for new and qualitatively improved output in CEMA member countries are being developed and improved for this reason in conformity with overall trends and principles characteristic for this system. It follows from this first of all that the basic direction for improvement in the price formation for a given group of products, as for other types of output, consists of bringing together the level of prices and socially necessary inputs as closely as possible. But for this type of products it is necessary to control especially carefully that part of the price which is formed from the added cost through socially necessary inputs which have contributed to modernization of the assortment and improvement in the quality of the output. The thesis of the necessity for gradual transformation of prices into "a program of inputs for the future" retains its importance to the full extent with respect to new and high-quality output. "The price of a new product should have a composition which stimulates positive changes in the structure and level of socially necessary inputs and further progressive processes of modernization in which the technical gain is directly linked with the economic gain" (5, p 126).

Together with overall trends, certain directions of improvement characteristic mainly for the prices of new and better-quality products may be singled out as well.

In this regard, we should note first of all that great importance is being attached in the CEMA countries to improvement in the methodology and practice of scientifically substantiated selection of those standards of quality and innovation from which a reading is made of the effectiveness of measures employed for stimulation. Recently, as a comparison of the experience of these countries demonstrates, a common effort has been distinctly traced among all of them to tighten requirements in selecting the base products from domestic or foreign output. Such exactingness with respect to similar standards [etalon-analog] to a significant extent forestalls attempts by producers to use products of insufficiently high technical or quality level for these aims. On the one hand, this is a dependable shield against an unjustified increase in prices and profit from an undeserved gain; on the other hand, it induces industry to strive for new technical achievements.

A great deal of work is being done in the CEMA countries in the direction of further improving cost evaluation of the extent of innovation and changes in the quality of output. The predominant criterion requirement by which all the countries are guided in the process is strict observance of the principle of stimulation for real achievements and real efficiency in the production and consumption of new and better-quality output. Practically all forms of stimulation have been oriented to this. However, there are still potentialities which have not been realized in this field. In particular, the inadequate application of sanctions for the production of low-grade, technically obsolete output gives rise to dissatisfaction, and the approved differentiation of prices according to grades does not always ensure an objective evaluation of quality. More and more interest is being displayed by both the producers and consumers of new, modernized output in improving the methods of cost evaluation of quality.

One of the important directions for improving the system of stimulating the production of articles of improved quality and modernized assortment is further reinforcement of the differentiation of prices in accordance with the quality indicators of output. In particular, in the opinion of many specialists in the CEMA countries, it has become necessary to reinforce the differentiation of certain incentive surcharges on wholesale prices in order to stimulate the production of articles of the highest technical level to an even greater extent.

The direction of improving price formation also assumes particular importance at present in the light of tasks facing the CEMA member countries to further improve export output and increase its ability to compete on the world market. For despite the fact that individual types of industrial output being produced in CEMA member countries already have reached the quality parameters of the best world examples, and in a number of cases even exceed them, there are still untapped reserves in this respect. Mobilization of these potentialities, as experience shows, in particular, can actively promote further reinforcement of price differentiation in conformity with the quality level of industrial output intended for export.

In the improvement of price differentiation by grades according to quality indicators, output is needed for which stimulation by means of incentive surcharges is unacceptable because of the possibility of substantial price increases in this case (food products, for example). The advisability of applying incentive surcharges to prices of consumer goods of long-term use is being studied. All this attests to the fact that, despite the process of differentiation in prices in accordance with changes in output quality, which is making progress, much can still be done in the CEMA countries to increase the result-producing influence of the price factor on the structure of public production and consumption and to increase its efficiency.

Thus, the CEMA countries see the basic directions for further reinforcing the role of prices in stimulating the production and consumption of technically improved industrial output in a creative approach to the selection of form and to provision of a harmonious combination of the methods employed.

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GENERAL

FOREIGN CURRENCY RATES FOR MARCH COMPARED

March Rates Listed

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 11, March 1984 on page 22 and Number 13, March 1984 on page 21 carry lists of exchange rates issued by the USSR State Bank entitled "Bulletin of Exchange Rates of Foreign Currencies" as of 1 March 1984 and 16 March 1984 respectively.

Name of Currency	Exchange Rate in Rubles	
	1 March	16 March
Australian dollar per 100	74.32	74.32
Austrian schilling per 100	4.24	4.28
Albanian leks per 100	11.94	11.94
Dinars of the Democratic and Popular Republic of Algeria per 100	16.15	16.15
British pounds sterling per 100	115.65	113.57
Argentine pesos per 100	2.70	2.54
Afghan afghanis per 100	1.55	1.55
Belgian francs per 1,000	14.60	14.74
Burmese kyats per 100	9.66	9.66
Bulgarian levs per 100	105.26	105.26
Hungarian forints per 100	5.88	5.88
Dongs of the Socialist Republic of Vietnam per 100	10.47	10.47
Ghanaian cedis per 100	2.65	2.65
Guinea syli per 100	3.29	3.29
Marks of the GDR per 100	31.25	31.25
Deutsche Marks of the FRG per 100	29.91	30.15
Dutch guilders per 100	26.50	26.69
Greek drachmas per 1,000	7.81	7.55
Danish krones per 100	8.15	8.23
Egyptian pounds each	1.14	1.10
Indian rupees per 100	7.46	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.56	2.47
Iranian rials per 100	0.90	0.90
Icelandic kronas per 100	2.69	2.69
Spanish pesetas per 1,000	5.12	4.84
Italian lira per 10,000	4.80	4.84

Dinars of the People's Democratic Republic of Yemen each	2.30	2.30
Rials of the Yemen Arab Republic per 100	15.93	15.93
Canadian dollars per 100	62.11	60.37
Yuans of the People's Republic of China per 100	38.98	37.53
Wons of the Democratic People's Republic of Korea per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.71	2.71
Lebanese pounds per 100	12.70	12.70
Libyan dinars each	2.68	2.68
Malaysian ringgits per 100	33.92	33.92
Mali francs per 1,000	0.94	0.94
Moroccan dirhams per 100	10.02	9.65
Mexican pesos per 1,000	4.59	4.59
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	5.10	4.88
New Zealand dollars per 100	51.15	51.15
Norwegian krones per 100	10.32	10.39
Pakistani rupees per 100	5.75	5.75
Polish zloty per 100	1.67	1.67
Portuguese escudos per 1,000	5.94	5.94
Romanian leus per 100	12.05	12.05
Singapore dollars per 100	36.65	36.89
Syrian pounds per 100	20.24	19.58
Somali shillings per 100	5.05	5.05
U.S. dollars per 100	77.75	76.85
Sudanese pounds per 100	61.84	59.11
Tunisian dinars each	1.08	1.08
Turkish lira per 1,000	2.64	2.64
Uruguayan pesos per 100	1.71	1.60
Finnish markkas per 100	13.53	13.53
French francs per 100	9.69	9.75
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	9.99	10.08
Swiss francs per 100	35.93	36.34
Sri Lanka rupees per 100	3.14	3.14
Ethiopian birrs per 100	37.80	37.80
Yugoslav dinars per 1,000	6.35	6.35
Japanese yen per 1,000	3.34	3.46

Early March Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 11, March 1984 carries on page 22 a 250-word article by Ye. Zolotarenko under the rubic "Our Commentary" which notes changes in the exchange rates for 18 foreign currencies. The author comments that the U.S. dollar's rate of decline increased at the end of February, due to the rising inflation which results from large government budget and trade balance deficits. He cites preliminary data on a $9.5 billion trade deficit in January as contrasted with a figure of $6.3 billion in December 1983. Improvement in the West German Mark's position is

attributed to favorable prospects for the West German economy; purchases of Deutsche Marks through sales of the Japanese yen, "recently considered one of the most stable currencies," are cited as an indicator of its strength. The British pound sterling rate is "slightly increased due to the threat of reduced oil on the world market linked with the aggravated situation in the Persian Gulf." The weakening U.S. dollar's rate is tied to an increase in the price of gold from $380 per ounce in the middle of the month to $400 at the end of February.

Mid-March Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 13, March 1984 carries on page 21 a 250-word article by Ye. Zolotarenko under the rubic "Our Commentary" which notes changes in 25 foreign currency rates. The article points out the continuing decline in the U.S. dollar's exchange rate, remarking that "the fanning of military expenditures and the growth of huge budget deficits worsen the investment climate in the USA, and create the risk of a new economic recession and a jump in inflation." It attributes a weakening in the British pound sterling rate to a 0.25-0.5 percent reduction in the base credit rate by four large commercial banks. A stronger Austrian schilling is linked to a 0.5-0.75 percent credit rate increase imposed by the Austrian national bank to stop an outflow of capital. The Japanese yen's increase is explained by a less active regulation of the yen by the Japanese authorities. The price of gold at mid-March is listed as rising to $400-$403 per ounce, up from $395-$399 per ounce at the end of February, in conjunction with a weakening in the U.S. dollar.

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